THE BUSINESS WEEK

FOR THE WEEK ENDING NOVEMBER 2, 1929

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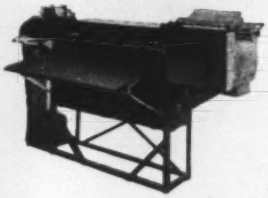

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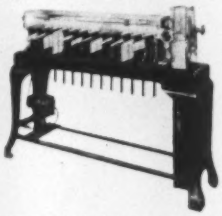

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The Business Week

With which is combined The Magazine of Business

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

FOR THE WEEK ENDING
NOVEMBER 2, 1929

Business Outlook—Clearing, Continued Cool

THE hysteria that accompanied the market upheaval will pass away in a few days, if high authorities and business personages do not continue to alarm a suspicious and nervous public by protesting too much. Reports of the demise of business, as Mark Twain said of himself, are slightly exaggerated. The current weekly business indicators, in fact, are distinctly stronger than they were a few weeks ago, when "the new era" was still on.

Steel operations are holding steady; building operations are not sagging further; coal production is running high; goods are moving by railroad in larger volume than last year; agricultural marketings are normal. One might add, with Will Rogers, that the cows are still coming up to be milked and chickens are still laying eggs. These things may be surprising, but they are true and important, if business men will leave their wrecked tickers a moment to notice them.

The trouble at this moment is not with business but with business men. They are still trying to translate their stock averages, paper gains and losses, and shrunken private check books into terms of fewer automobiles, radios, cigar lighters, corn flakes, caviar, flannel shirts and silk underwear for the hundred odd millions who merely read about the panic in the evening paper and went to bed to go to work in the morning.

Certainly some lines of trade in some places will slacken for a while and business may be a bit quieter than is seasonally normal for a few months. But any business executive who is enough of a bear to go to sleep in an old tree this winter and shelve his plans in the belief that business has stopped will miss a lot of it in 1930. There will be lots of money lying around for the live ones to pick up—money that has been whirling about in Wall Street, getting nowhere for several years when it should have gone into business.

The banks have weathered the storm with astonishing success and are not going to sit on their reserves twiddling their thumbs. The New York Reserve and Bank of England discount rates have been lowered, and brokers' loans cut by a billion dollars. Nearly a billion and a half of outside money has been withdrawn from the market. Interest rates for those who mean business will be easier here and abroad so long as the speculative St. Vitus dance does not begin all over again.

Business will gradually and steadily recover as business men regain their perspective and go back to work.

Bank Rates Step Down

By Special Cable to The Business Week

REDUCTION of the Bank of England rediscount rate from 6½% to 6% was wholly unexpected by the business community. It is interpreted as anticipating two things—first, the release of international funds by Wall Street; second, a reduction in rate by the Federal Reserve Bank. Easier money is intended to give British industries and money markets immediate benefit, even if that benefit is mainly psychological. Moreover, the higher rate had failed to prevent the movement of gold to France.

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On the same day the New York Reserve Bank reduced its rate from 6% to 5%, bringing it back to where it was on August 9. This is in line with the easing of open market money rates, and is intended obviously to help restore stability to the stock market and to encourage business. The Bank has been in a good position to do this because of the steady reduction of member bank indebtedness to it. The New York rate is thus brought into line with that of the other Reserve banks, and the way is prepared for further all-round reduction.

So far as the Federal Reserve System is concerned, the break in stocks could not have come at a better time. There is a feeling in Washington that the inevitable collapse came when the Board was in the best position to meet it. There have been many times during the past year when the break might have had a very decided effect on business and when it would have put a much greater strain on the Reserve banks.

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Money Makes The Difference

AT one point the October, 1929 stock market crash parts company with all its predecessors in the march of financial history. Every previous collapse has been accompanied by tight money. Charges higher than 100% have invariably been the rule. This time, money has become easier as stock conditions have become worse.

Temporarily, at least, money is riding a chute almost as steep as that on which stock prices have slid. Rates on bankers' acceptances have crumbled. There have been several reductions in the last few days. Time money has dropped 3% in three weeks. Call money stays at levels far below last summer's. In Chicago, on the Pacific Coast, it's the New York story over again. In the farming sections the trend has been less pronounced.

There are two outstanding reasons for unprecedentedly easy money. Not only has there been a striking cessation of speculative demand for credit but also actual liquidation in huge volume has taken place; the 13 to 1 ratio of Federal Reserve credit expansion and contraction makes cessation of demand more important than liquidation. Federal Reserve action is the other reason. Reduction of rates and purchases of Federal securities have brought Federal funds into the market. The movement was started with bill purchases to take care of the fall seasonal demand. With the holidays near, the Federal Reserve has already shown it can and will counteract seasonal influences.

So much for the promising outlook in the domestic market, but how about the foreign situation? Rates abroad have been forced upward for months and currently are at higher levels than in this country. There has been heavy repatriation of foreign funds, withdrawn from our stock market. Foreign exchanges are distinctly unfavorable to the dollar. Nearly all foreign currencies stand at their year's highest record. Some have reached a point where gold exporting is profitable, although this has not been tried in any important case.

If money gets still easier here and European rates remain high, gold and credit must be lost to this country. Loss of gold will put the banks in debt to the Federal Reserve and counteract easier tendencies here. But foreign countries have suffered much more from high interest rates than we have. They face a popular demand for relief. Britain already has acted. Other countries probably will find it imperative to lower rates at the slightest opportunity. If they do they will not take large quantities of gold.

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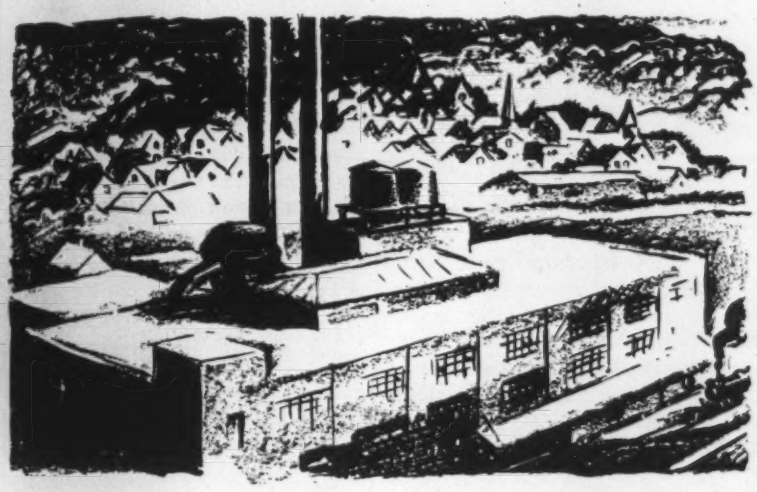
Mr. Hoover Pins Tariff Responsibility

PRESIDENT HOOVER'S crisp admonition to the Senate to put a real flexibility clause in the tariff bill and to get the bill into conference with the House within two weeks is regarded as an expert piece of strategy. None knows better than the President that the bill cannot be put into conference in two weeks. Barely a beginning has been made in the working out of schedules. Radical senators easily and cheerfully can talk it to death if such a time limit is set. None knows better than the President that there is enough opposition in the Senate to prevent the flexible provisions being restored.

What the President has done is adroitly to put the responsibility on the Senate for failure to enact a tariff, and to pave the way either for a veto, if the flexible provisions are omitted, or its equivalent, to force its death in the present session by a battle over those provisions. The feeling grows that the President would prefer the present tariff —under which the country has got along very well—to a new tariff which robs the executive of powers he regards as essential.



The Farm Board Takes a Chance

THE Farm Board has set out at last to fix a price for wheat and cotton. The Board has been moving steadily and rapidly in that direction since its members were examined by the Senate Committee on Agriculture as to their ideas of what the Board's policy should be. At that time most of the members said quite plainly that they did not believe the Board should try to fix farm prices. After the examination some members modified their statements to that effect and indicated that the Board might consider action of that kind. (BUSINESS WEEK, Oct. 19, p. 3.)

The Board itself does not propose to buy corn and wheat and hold it off the market so as to raise the price. Although some of the Senators thought that is what the Board intended to do under the Agricultural Marketing Act, it would probably be technically illegal.

The means to be used to hold cotton and wheat prices up amounts to the same thing. The Board is to loan farmers through co-operative associations enough money on corn and wheat now held in storage so that, with the credit available from the intermediate credit banks and other sources, the farmer can get immediately almost as much for his wheat and cotton as he could by selling it. It will thus be possible for him or his co-operative to hold the product until the price rises. This insures the farmer against getting for his cotton this year a price less than an amount ranging between 15.34¢ and 16.54¢, and for wheat, between $1.12 and $1.25 depending upon the grade and the locality. The Board says it is ready to use all the money necessary to do this, even beyond what Congress has appropriated.

These prices are spot prices, fixed regardless of futures. That is, nothing is said in the Farm Board's arrangements that would require that a price be fixed for the cotton or wheat by hedging or future sale.

The reasons for this radical but not illogical action are several. The Board says that it believes present market prices for these crops are lower than are warranted by the relation of supply and demand, because of extraordinary and transient market conditions. Both wheat and cotton this year in this country have been brought to market earlier and in larger volume than is usual. In both cases the probable total crop is not larger than normal. In the case of wheat the total world supply will be about 500,000,000 bushels less than last year. In cotton it is felt that the world consumption will justify a price of at least 20¢ for the prospective total supply in view of the small carryover from last year.

A second reason for this scheme is implied though not stated in the Board's announcements. The Board says that there is a co-operative association for wheat and cotton in every state, open to membership of every wheat farmer. If farmers will join they can get the benefit of these minimum prices and receive their money immediately. Thus the Board evidently hopes to induce farmers to join co-operative associations in these commodities.

A third purpose is evident. The prices which farmers can get for their cotton or wheat under this arrangement are stated by the Board to be almost equal to the amounts which are being paid by speculators and others on actual purchases from farmers. The idea, then, is obviously to discourage the influence of speculative interests upon prices. The action in the case of wheat was stimulated by the sharp decline in wheat prices accompanying the break in the stock market. The Farm Board evidently felt that the large scale unloading of wheat at that time was unjustified and was harmful to the farmer's interest.

All of these reasons raise many questions. If wheat and cotton prices hold above the minimum fixed by the Board, it will not lose anything. Export buying of wheat has improved somewhat recently but it is still problematical whether foreign buyers will pay much more for wheat than now. If these countries are not willing to pay more the Farm Board stands to lose some money. In cotton the risk seems now to be relatively slight.

It is more problematical whether this action will tend to stimulate farmers to join the co-operatives. The great weakness in co-operative efforts of this kind in the past has been that the farmers who did not join benefited as much as those who did by any increase in prices. If the Farm Board succeeds in holding prices up and raising them, the farmers who do not belong to co-operatives and who have held or hedged their wheat with credit available from ordinary banking sources—of which there is plenty—will gain as much as the co-operative members do.

The more serious question is whether the kind of struggle with the speculative markets which this line of action of the Farm Board involves is really wise. The private grain dealer interests in the past have rendered an important service to agriculture. The commodity exchanges have on the whole tended to stabilize prices, and hedging operations by speculators have generally given the farmer as much for his product at the marketing season as he could get by holding it over.

This procedure will raise some broader questions in the minds of business men. If operations to control markets and fix prices are undertaken with Government approval in the case of farmers, will it be possible for the Government to proceed with as much vigor and sincerity as heretofore against trade associations and combinations in the field of industry and business who have sought to do the same thing?

Stock Market Break May Stir Up Congress

THE present upset condition of the stock market and allied fields of finance has as yet brought out no strong Congressional expression. The likelihood is, however, that some action—or at least some investigation—may come ere long.

The more radical members, particularly of the Senate, view the present débâcle as just so much more conclusive proof of their contention that there is no good in Wall Street. Senator Carter Glass periodically announces that as soon as possible he will urge a 5% tax on sales of stock held less than 60 days. The idea seems to be that stock bought and sold within two months is speculation and that stock held for 61 or more days is investment.

It seems doubtful that existence of such taxation would have had any material effect during the present crash. Securities sold with little or no consideration of the taxation involved. Such taxation has effect only in a rising market when holders are reluctant to give up a material proportion of their profits to the government. When there are no such profits the factor becomes nil.

In the House, Representative MacFadden has recently expressed grave alarm at current international financial developments. A lengthy article in a leading weekly has been supplemented by the statement.

Apparently Congress will not break loose until tariff muddling and lobby talk and recrimination have ended. The week has seen various leaders forsaking tariff hopes. Lobbying interest is declining. Finance may take the forum at any time and prediction of what may happen, as distinct from what may be said, is useless.

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Washington Changes Merger Policy

INDUSTRY is faced with what is largely a new policy in the Department of Justice. A more stringent enforcement of the Sherman Anti-Trust Act and other similar laws is at hand, judging from a statement by the Attorney General and advices from Washington.

The old policy of submitting merger plans will be continued. This method was instituted by Colonel William J. Donovan when Assistant Attorney General. Under this procedure those concerned were advised whether, so far as could be seen, their plans were objectionable.

Under what is apparently the new plan, the Department may or may not express an opinion of the legality of the case. Where plans are obviously sound or obviously unsound from the Department's point of view the concerns involved will be so advised. In other cases, the plans may be taken to court when made effective.

Attorney General Mitchell has stated that the present laws will be enforced and that he has received no orders or intimations from any source for any deviation from the law.

This marks a modification of the so-called "cooperative" methods of the Department in dealing with business. Some cooperation will still be present in the submission of plans. But removal of actual settlement of the case from the Department is a return to stricter legal lines. Mergers of all kinds and the growing activities of trade associations, institutes and other voluntary groupings of business and industry, will be considerably affected. No one is quite certain how the new policy will work out. Only time will tell.

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Will Merger History Repeat?

MERGERS are always accompanied by talk about increased efficiency. Now it's talk about handling more lines: "Use existing facilities more intensively" is the phrase. Recently it was specialization talk: the "efficiencies of expertness" were sought.

Business growth in Standard Oil and United States Steel days was vertical; more steps in the process controlled but still specialization. Now growth is horizontal; more intensive use of distribution organization; put together anything just so long as it is stored in a warehouse and delivered in trucks. Coffee and yeast cakes, radios and ice chests, shoe polish and mayonnaise, Castoria and Diamond Dyes.

Ralph Borsodi has given the American Statistical Association some historical reminders worth considering: There have been three periods of large-scale consolidations since 1870. The first period, dating from the formation of Standard Oil, was finally ended by the panic of 1893 provoking the Sherman Anti-Trust Law. The second period covered the formation of the United States Steel Corporation and ended with the 1907 panic. We are in the third period. Each of these periods started with rising prosperity, speculation and the entrance of large groups of new investors tapping new sources of capital. The first two ended in panic. Will the third?

With few notable exceptions, the mergers of the two previous periods did not pay the dividends their shareholders had been led to expect. Successful companies were the exceptions. Dr. Edward Sherwood Meade of the University of Pennsylvania, writing in the *Journal of Political Economy* of April, 1912, said, "During a decade of unparalleled development, the trusts, starting with every advantage of large capital, well-equipped plants, financial connections, and skilled superintendence, have not succeeded. It is impossible on the basis of these figures to endorse the trusts on the side of increased business efficiency."

Dr. Arthur Stone Dewing, of the Harvard Business School, after an extensive study of 35 large corporations, said, "The promoters of the consolidations believed that the mere act of combination would increase the earnings by about a half—instead they were a fifth less. . . .

In brief, the earnings of the separate plants before consolidation were greater than the earnings of the same plants after consolidation."

Why look for anything different this time? asks Borsodi.

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Census-Takers To Dig Deeper

QUESTIONS for the schedules of this winter's biennial Census of Manufacturers are completed.

For the first time manufacturers will be asked whether their employees are on a 6-day, 5½-day or a 5-day week. Facts are to be sought on the migration of industry. Employment of women in industry will be subject to inquiry. During 1909-1919, the proportion of women in factories decreased; the proportion in offices increased 50%.

—AND THEN THE PHONE RANG!

Government ► "Public Interest" Note Mars Harmony Program

THE style of the Federal Trade Commission in promoting business harmony may be considerably cramped by the recent action of the Supreme Court in the Shade Shop case. In an opinion written by Justice Louis D. Brandeis, the Court held that the Commission has no authority to docket a private business controversy in which the public interest does not appear. Granting the right of the Commission to exercise a broad discretion as to when a proceeding will be in the public interest, the court declared that nevertheless "to justify a complaint the public interest must be specific and substantial. The mere fact that it is to the interest of the community that private rights shall be respected is not enough to support a finding of public interest."

This decision is clearly aimed, though perhaps not intentionally, at the trade practice conferences which were initiated some ten years ago, and which have been a definite policy of the Commission since 1926. These conferences facilitate the establishment of self-government in business, but the principal element of their success has been the assumption that the Commission can back up an industry's adopted practices with its own enforcement machinery. The Supreme Court decision casts considerable doubt upon the ability of the Commission to do this.

The trade practice conference is clearly an extra legal procedure. There is no authority for it in the Commission's organic act. It has never been tested in the courts, unless the Shade Shop case can be construed as a test, simply because it has never been attacked. Industries have adopted hundreds of rules in trade practice conferences, but the Commission's power has not been invoked in a dozen instances. The Commission has said, "the fact that some power rests as it does in an impartial disinterested governmental body obviates the necessity for frequent use of such power." The Commission has always recognized the fact that it must be prepared to defend trade practice conferences if challenged.

"The public is entitled," says the Commission, "to the benefits which flow from competition, and each competitor is entitled to fair competition. The legitimate interests of the business are in perfect harmony with the true interest of the public. That which injures one undoubtedly injures the other, and the Commission, in the trade practice conference procedure, provides a medium through which, in appropriate situations, the interests of both may be protected in matters of competitive practice."

This is recognized as a broad interpretation of the Commission's statutory functions. The question appears to be whether it can be reconciled with the Supreme Court's decision. The trade practice conference is regarded by the Commission as a means of arriving at a preliminary determination regarding the issuance of a complaint. But whether the complaint arises from a trade practice conference or from the petition of an aggrieved individual, it is considered likely that hereafter the courts will insist upon a strict satisfaction of the law regarding the existence of public interest. This is the cloud which has appeared upon the Commission's horizon. The storm may break when some disgruntled, disciplined members of an industry kick over the traces.

P. & A. Photo

MATCH KING

Ivar Kreuger, Swedish manufacturer who lends millions to nations, arrives in Berlin to negotiate for German match monopoly

Labor ► Dressmakers Dig In For Strike

MEETINGS of the General Executive Board of the International Ladies Garment Union were held early this week to make preparations for the general strike of 45,000 dressmakers in New York scheduled for December 31. This meeting was held in spite of the fact that a conference between employers and the union, postponed from Oct. 24, is scheduled for the week of November 4. Without hope of averting the strike through such negotiations, union leaders seek some arrangement whereby the strike will be fruitful without being prolonged.

From the strike may come an agreement similar to that reached in the cloak and suit trade where a commission was formed for cooperating between employers and employees. The union feels that if an impartial machinery could be set up to settle disagreements the industry could be stabilized and a 40-hour, 5-day week could be enforced.

Management ► Piece-Work By The Batch

USE of group incentives—management device for increasing job efficiency on the basis of group performance—is spreading rapidly in office and sales forces as well as in factories. They are popular with managements because they can be applied to groups where individual tasks so overlap that setting individual incentives or piece rates would be difficult. The Metropolitan Life Insurance Company has announced that about three-quarters of its entire office and sales forces now receive group incentive payments. Professor C. C. Balderston of the University of Pennsylvania distinguishes three steps in the setting of incentive rates:

1) Finding "par," the rate of expert attainment—an engineering problem

calling for the best technical precision by time-study or micro-motion specialists.

2) Setting the task at some fraction of "par"—requiring consideration of labor, administrative and sociological problems as well as fatigue and other physical and psychological factors—an administrative and not an engineering function.

3) Pricing the task or setting the rate—also an administrative act affected by management policies, labor market, training methods, etc.

He points out that separating these three steps brings clearer thinking and easier administration; prevents labor troubles arising from confusion as to whether unsatisfactory rates are the result of unfair pricing, improper setting of task, or inaccurate time study.

Distribution ► **Merger Plan Off As Stock Drops**

THE débâcle in Wall Street has halted, temporarily at least, the proposed absorption of the furniture chain of Hartman Corporation by Montgomery Ward & Company through exchange of stock. Directors of the former concern agreed upon the deal at a time when Montgomery Ward stock was selling around 130. When it closed at 59½ last Monday, Martin H. Straus, president of Hartman Corporation, announced in Chicago that the merger had been abandoned. "The proposed consolidation," he said, "appears to have no possibility of approval by our stockholders. Insufficient proxies have been received. No further effort will be made to secure additional proxies."

Aviation ► **DO-X + G. M. = U. S. Air Giants**

DR. DORNIER'S achievements in aeronautics in Europe are to be shared with the United States. With the successful flight of the DO-X carrying 169 passengers comes the announcement that General Motors, through its Fokker division, has filed incorporation papers in Delaware for Dornier Corporation of America to manufacture flying boats in this country under Dornier patents.

Dr. Dornier is expected in the United States about the middle of November to lend active assistance in getting the new company under way.

P. & A. Photo

ESCAPES AVALANCHE

Dulcet strains of the steel guitar, instead of delirious clatter of stock ticker, entertain Edward H. Simmons, president New York Stock Exchange. With his bride, formerly Mrs. Beatrice Meyer, he sailed for Hawaiian honeymoon before the market went wild

Retailing ► **Schulte Pulls Away From Morrow Group**

DAVID A. SCHULTE has withdrawn from Vadso Sales Corporation, from Webster Eisenlohr, Inc. (of which he was president), from Union Tobacco Co. (of which he was chairman), from the Union Cigar Company. The Schulte group had been closely identified with George J. Whelan in the cigar store field. Now that Whelan has sold out his holdings to George K. Morrow's syndicate the Schulte group is withdrawing from the Whelan companies.

These moves indicate that Morrow is not to have the close interest in the Schulte companies which Whelan had. The Schulte Retail Stores Corporation, the Schulte 5¢ to $1.00 Stores, Inc., and Park & Tilford form a group distinct in ownership and management from the United Cigar Stores Company and the other Morrow interests.

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FRENCH air commuters travel for four cents a mile—on 1,250-mile ticket books sold by their air transport companies for approximately $55.

Production ► **Idle Men, Idle Money Both Industry Problems**

TOO many mergers arise solely from banking interests with too much idle money; in such cases, the dollars-and-cents viewpoint rules, whereas an engineering survey of the possibilities for operating economies in the proposed merger should be the first guide. Thus industrialists at last week's convention at Cleveland of the Society of Industrial Engineers where the general attitude toward mergers was not favorable.

They expressed: doubt that either production or distribution economies inevitably followed mergers; belief that the chief merger advantage lies in the possibility of bringing able management to a group of poorly managed concerns—coupled with the conviction that a concern with capable management never needs to combine with others.

The chief disadvantage of mergers was said to be the loss of personal leadership. C. E. Knoeppel stated that success in any business depended upon three factors: vision to conceive, willingness to work, and patience to wait. These factors are hard to retain in the impersonal organization brought forth from the usual merger.

The convention group saw mechanization of industry helping to solve the problem of lower costs but bringing with it the equally serious problem of unemployment. So far, most workers displaced from industry by machines have found work in other fields, particularly in service agencies. This cannot be depended on forever, said those at the meeting, and industry must find a use for its displaced workers. Any change of working conditions, brought about by so-called technological unemployment, reducing earning power directly affects the market for industry's products. The goose that lays the golden eggs must not be killed.

Railroads ► **Smaller Lines Standing Alone**

V. V. BOATNER, new president of the Chicago Great Western railroad, doesn't believe consolidations are going to swallow all the smaller roads.

"The conditions which brought about public approval of general railway consolidations have nearly disappeared," he tells THE BUSINESS WEEK. "The weak rail lines which were to be protected by consolidations have nearly all put themselves on a sound financial basis and are able to give efficient service as individual companies.

"To merge them with larger lines now would be of no outstanding benefit to the public, except that resulting economies of operation would tend to prevent rates from getting higher. It is hardly to be expected that mergers will lower existing rates. Even though the world trend is toward consolidations, I do not believe that public sentiment is as strongly in favor of railway mergers now as a few years ago."

Transportation ► **All Aboard New England R. R.**

ALL signs point toward a unified railway system for New England. Its leading railroad men, bankers, business men, chambers of commerce all join the unification chorus. New England just will not be a mere link in a trunk line system. She wants one all her own.

The Boston Chamber of Commerce and the New England Traffic League recently astonished the railroad world by favoring the all-New England railroad plan they had previously opposed. Professor William Z. Ripley, sage of railway consolidation, practically alone in his 1921 recommendation to the I. C. C. for a unified New England system, has come out even more strongly than ever against separate affiliation of New England roads with trunk lines.

Mr. Loree's recent proposal to link the New Haven with the Delaware & Hudson as part of a trunk line plan has won a rise out of E. G. Buckland, chairman of New Haven's board. He has stated emphatically that he does not intend to stand by while trunk lines attempt to include his line in widespread mergers. Percy R. Todd, president of the B. & A. is likewise bent on a single New England railroad system.

P. & A. Photo

OLDEST RAILROAD MAN?

John M. Horan, ninety-one, claims the distinction after seventy-five years service with the Chicago, Milwaukee, St. Paul & Pacific. H. A. Scandrett, president of road, congratulates him on diamond anniversary

Ever since the Storrow Committee reported in favor of New England rail unification in 1922 there has been a growing favorable sentiment throughout the affected area. New England governors, financial and railroad executives have urged it. A joint committee of thirty has been appointed to examine all phases of New England's transportation needs. The governors feel that New England's transportation problems should be dealt with on an all-New England basis. This will be the major thesis of the Fifth New England Conference to be held in Boston on November 21-22.

Railroads ► **Locomotives Higher Than Train Sheds**

CHICAGO residents this week have had an opportunity to see the largest locomotive in the world. Eight class H locomotives have been delivered to the Chicago & North Western Railway by Baldwin Locomotive Works and one is on display in the passenger terminal. To accommodate the great height of the engine—it stands 16 feet from the rail to the top of the smokestack—it was necessary to cut away part of the train shed.

This engine can attain a speed of 85 miles an hour; has pulling capacity 50% greater than present passenger types. Its length—105 feet—is ten feet greater than the road's longest freight engine; twenty-one feet over its longest passenger engine. The engine and tender weigh 823,000 pounds compared with 684,000 and 486,000 pounds, respectively largest freight and passenger engine weights now on C. & N. W. tracks.

Mining ► **Machine Age Is Safer Age**

HAS the machine age increased the number and horror of industrial accidents? The answer for one major branch of industry—that of mining—is shown in the following facts: In 1926, 3.47 men were killed for every thousand employed; in 1928, this figure had been reduced to 2.50.

Incidentally, within the same period, the number of employees in mines of the United States dropped from 127,823 to 113,866, although no decline in the total output of the mines has occurred. Fourteen thousand fewer men are needed to produce the same amount of material. This change has taken only two years, and at the same time, accidents have been reduced.

Utilities ► Rivals Match Strategy In Coast Gas War

THE battle for supremacy between gas and oil interests on the Pacific Coast still rages. Pacific Gas & Electric Company and Standard Oil of California are chief combatants in a war for the natural gas business of Southern California.

Pacific Gas & Electric is spending $20,000,000 to bring natural gas from Kettleman Hills to San Francisco. Standard Oil has purchased for $26,000,000 the entire distributing organization of the Coast Counties Gas & Electric Company. This move permits it to go ahead with the production of crude oil in complete compliance with the State Conservation Law since it will control, as nearly as possible, production, distribution, transportation, and refining of natural gas, chief by-product. Other companies, not so fortunate in having means of distribution, will have to shut off oil production until markets are found for the gas.

There is another angle to the situation which few people consider. Boulder Dam has been heralded as a "God-given heritage" that should be developed to furnish hydro-electric power even for Southern California, 500 miles from the source of power. Yet, with tremendous investment, tremendous cost of high-tension power transmission, and all other costs incident to maintenance and operation, Boulder Dam power has little chance to compete in Southern California markets against natural gas fuel, sold as a by-product of oil production.

Nobody knows who's going to win out. But it is interesting to conjecture what would happen if Standard Oil should buy the gas end of P. G. & E. Then, the development of gas and electric appliances would reach tremendous heights.

Utilities ► West Coast Waits Gas-Electric Merger

ONE of the largest power mergers on the Pacific Coast may be announced shortly. The Coast expects an exchange of stock, involving Southern California Edison of Los Angeles, Pacific Lighting Company of San Francisco, Southern California Gas Company, and Southern Counties Gas Company. Combined resources are estimated at several hundred millions. All these, save Pacific Lighting, serve Southern California. Their combination would open the way to substantial economies and more efficient service.

This program would bring the Southern California Edison back into Los Angeles, now served with electricity by its own largest municipally owned and operated light and power organization in the country. The proposed holding company, through the Los Angeles Gas and Electric Company, would furnish both oil and gas to a large portion of the city's population.

John B. Miller, president of Southern California Edison, and C. I. Miller, head of Pacific Lighting, have been in conference for several weeks on the proposed merger. Definite proposals are said to have been made and accepted. That something is in the air is evident from the fact that P. G. & E. and Western Power Corporation, competitors, have been drawn into a broader program for state-wide consolidation, obviously to offset the pending merger of their chief rivals. Since both the Millers are friendly to heads of P. G. & E. and Western there may be still greater consolidations in the future. Precedent for the union of gas and light properties contemplated in California may be found in the set-up of Consolidated Gas Company in and around New York City.

P. & A. Photo

PARADE OF THE PACKETS

Twenty-five river craft, with steamer Cincinnati plowing ahead, participate in celebration which marks completion of the locks and dam system of the Ohio River. President Hoover dedicated a monument at Cincinnati, and rode a packet from there to Louisville

Utilities ► 60% Bigger; 1.5% More Efficient

A RATHER unusual installation of generating equipment has added 215,000 horsepower to the electrical energy available for domestic and industrial needs of greater New York City. At a cost of $12,500,000 exclusive of site, a 160,000 kilowatt (215,000 horsepower) turbo-generator has been installed in the East River station of the New York Edison Company.

The new unit has a single generator and is 60% larger than any other yet made. It will supply enough current to light 3,200,000 50-watt lamps. In 1906 that would have lighted the lamps of the entire United States. Generator efficiency is 98%—1.5% more than was obtain-

able five years ago. This increase alone lights 50,000 50-watt lamps.

The steam turbine which drives the generator shaft is made up of twenty-four stages. Buckets in the low pressure stage are 32 inches long; linear velocity of their tips is more than eleven miles a minute—700 miles an hour. Buckets in the highest-pressure stage are one and three-thirty seconds inches long.

The three boilers which furnish steam for the turbine are as high as an eight-story building, carry 69 miles of tubes, require, at capacity, 80,000 pounds of coal an hour—1,000 tons a day.

Agriculture ► Fertilizer Market Goes West

FERTILIZER manufacturers, conspicuous in the chemical engineering industries of the "new South," are facing the problem of geographic relocation.

Before the World War North and South Carolina, Georgia, and Alabama consumed most of the fertilizer used on cotton—the biggest crop requiring fertilizer. Now more than 60% of the cotton acreage lies west of the Mississippi, mainly in Texas and Arkansas; and the Western acreage grows every year. These fertile Western lands have not required as much plant food as the Southeastern cotton area. In a short time, however, this situation will change. The center of fertilizer consumption will soon lie west of the Mississippi. High freight rates are encouraging the move toward the largest market. The situation is now being studied not only by fertilizer manufacturers but also by acid makers, by-product-coke producers, and the several other heavy chemical groups whose welfare is intimately interwoven with progress in fertilizer production.

Production ► Kansas Takes "Thought Census"

KANSAS is taking a look at Kansas. Oklahoma, to the South, has a severe case of industrial development. Is it contagious? Kansas smiles.

A state survey is under way. Samuel Wilson, industrial engineer in charge, has covered 36 of 105 counties already and is now out visiting 20 more. Maurice Breidenthal, president of the state chamber of commerce, calls it a "thought survey," not just another cataloguing of vacant factories and sites. No one familiar with American history can say that Kansas thought is a negligible asset.

What will be done when the $15,000 worth of facts and thoughts are assembled and sifted out? If Kansas is true to its reputation, its program will have individuality. One can hardly conceive of Emporia or Atchison, for instance, participating in a program merely as "small towns of the Middle West." Kansas communities, like Kansas citizens, have personalities.

State leaders believe that the program should aim at the development and utilization of its natural assets, particularly of its one great industry, agriculture. To develop at-home hatcheries, co-operative creameries and packing plants, to seek branch plants of large companies that manufacture what farmers buy, appears to them more logical than to entice itinerant assorted factories.

Senator Arthur Capper is chairman of the state survey committee. The senator believes in introducing agriculture and industry to each other. Each year his own organization, Capper Farm Press of Topeka, takes 31 "master farmers"—for the most part scientifically trained men worth $100,000 and up—on a tour of the great industries of the East, following a visit to International Livestock Exposition, Chicago, first week in December. Last year Harvey Firestone entertained them personally at Akron.

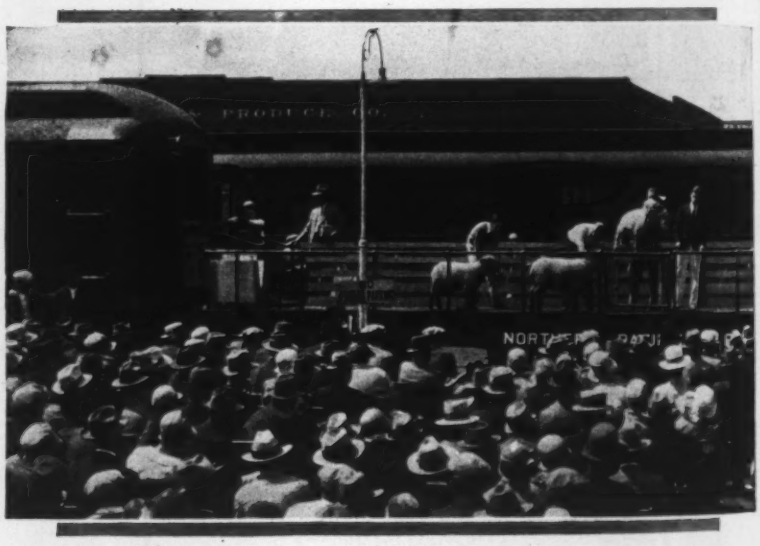
Transportation ► Unsnarl Cross-Line Bus Traffic

REGULATION of interstate motor bus operation, so long delayed, generally favored by bus operators, seems practically certain at the regular session of Congress beginning next month.

In 1925, the Supreme Court decided that the states have no jurisdiction over buses in interstate service. Since 1925, this service has grown enormously, with no official regulation, much to the annoyance of rail carriers.

The bill now before Congress and reasonably sure of passage forbids interstate bus operation without a certificate of convenience and necessity from the Interstate Commerce Commission, acting through a board made up of one appointee of the public service commission of each state involved. This board's decision the Commerce Commission will have the power to set aside. Strict rules require operators to file bonds and take out insurance to cover judgments growing out of negligent operation.

Congress will also consider recommendation of the Postmaster General that all interstate bus lines be required to carry mail. Postal authorities believe that buses must soon be used for mail if the government itself is not to set up its own truck delivery. Considerable mail is being handled by buses at the present time.



EDUCATION ON WHEELS

Agricultural experts, on Northern Pacific demonstration train, tour Minnesota and Wisconsin in the interests of diversified farming. On this particular tour they told the farmer how to make money on sheep and lambs

IT BEGINS TO LOOK IT

Chicago's Merchandise Mart, "Biggest Building in the World"

Retailing ►

Charge It Anywhere; Pay Store Credit Pool

GROUP credit extension which promises to provide charge account store service with easy instalment payments, instead of monthly settlements, is a new development in American retailing. The scheme is operated through a central bureau maintained by a merchants' association. This bureau issues credit orders in $100 units to customers whose credit standing is acceptable. The orders are good in any of the affiliated stores, and the units are split up into purchase orders in denominations from $1 to $5. The customer uses the purchase orders as money in making individual purchases in the stores. Then the stores return the orders to the central bureau and receive cash. The central bureau collects from the customer in instalments.

As described in *Domestic Commerce*, organ of the Department of Commerce, the terms on running accounts in one Eastern city range from payments by the customer to the central office of $10 per month on used purchase order credits totalling $50 or less, to $20 per month on accounts of $75 to $100, larger amounts being at proportionate rates. No initial charge is made for credit issues up to $100, the first payment being due within 30 days as a rule. For accounts larger than $100 an initial payment of $20 is required, the balance payable in eight equal monthly payments.

The affiliated merchants in this case include 20 women's wear shops, 13 clothiers and men's furnishings stores, 10 fur dealers, 10 shoe stores, 7 jewelers, 5 tailors, 4 millinery shops, 3 beauty parlors, and numerous tire stores and miscellaneous establishments, including furniture and house furnishings stores, electrical goods stores, rubber stores, and sporting goods stores.

While this plan has many advantages to the merchants in the way of lower bookkeeping costs and other savings, it will also redound to the benefit of the buying public. When any considerable number of the merchants enter this central charge account service, the public gets the conveniences of charge account buying without the bother of maintaining numerous accounts.

Commerce officials point out that the merchant is assured of greater per capita patronage in charge accounts. While charge customers may often find it to their advantage to go elsewhere for bargain sales, they do not often do so, either because they dislike to make the cash outlay or do not want to bother with opening other charge accounts. The new plan for a central charge account office will promote shopping around, will stimulate merchandising on the part of those stores that depended mainly on their charge customers' inertia.

Distribution ►

Meals Fail to Fatten Profits

IT may be true that when Greek meets Greek they start a restaurant, but that doesn't necessarily mean that they become wealthy, or even moderately prosperous. For, despite the fact that a recent survey of twenty cities by the National Restaurant Association showed a 6% increase in sales, it remains a further fact that many eating places are operated at a loss. Moreover, the Association found that nine out of every ten restaurants go out of business in seven years.

Leading restaurateurs contend that the field is greatly over-crowded, that new places are constantly being opened by men who understand nothing of the problems of the business. Only the strictly service restaurants show a marked decrease in patronage or receipts. But those that report an increase say that conditions are only fair, that more sales do not always mean greater net profits. The turnover in the restaurant field is about 50%. Restaurants to be run profitably must be run scientifically.

Production ►

The Empire State Arms To Save Its Empire

WHY does New York lag behind other states in industrial growth? Why has there been, during the past five years, an actual decline in manufacturing, a net decrease of some 1,600 in the number of factories in the Empire State? Why have business men and industrialists permitted their state to drift away from the leadership to which it should naturally aspire by reason of its location and unexcelled natural facilities? And what can be done to put New York's business and industrial brains to work?

These questions form the basis of the problem which the Committee of Twenty-five, appointed last April at the New York State-Wide Economic Congress, is attempting to solve. Following an extensive survey of a subcommittee of seven, the committee has issued a statement embodying its preliminary conclusions and recommendations, and including this brief summary of the situation:

"There is reason to believe that the rate of industrial growth in up-state New York has declined and is declining. For a variety of reasons, manufacturing has moved westward and southward. Manufacturers who contemplate extensions are prone, in many instances, to make these extensions in other states. Not many manufacturers located in other states make extensions in New York. A considerable number of New York manufacturers have moved their operations to other states. This is in part true even of Greater New York City. It is particularly true of the up-state section."

The committee's statement shows that from 1914 to 1927 there was a decrease in upstate New York of 1,971 factories. New York City showed a considerable increase during that period, but during the four years from 1923 to 1927, there was a net decrease of 1,536 for the whole state; 431 for the city; 1,105 for up-state. During that period the number of wage workers declined 78,000. Of this number, 56,000 was up-state.

One important cause is the fact that industrial development in New York has received practically no direction, has been permitted largely to follow its own devious ways. It has, to a very large extent, been unaided by government or political party; in many cases, government has actually impeded possible development. Other states have revised their tax laws with the object of attracting industry; New York has aimlessly drifted. Curiously enough, her industrialists have planned their operations for other states, notwithstanding that she is the center of the richest market in America, that she is the financial center of the continent, that she possesses more developed water power than any other state except California. Great industries, such as shoe and automobile, have been permitted to migrate from and across New York; they have developed around other centers largely because efforts were made to attract them.

The migration of these industries was not inevitable, nor is it inevitable that industrialists should continue to ignore the unparalleled marketing and distribution facilities of New York. These things have occurred simply because government and business failed to make the state attractive. Until recently, in New York industrial development has not been aided by any group movement among business men themselves.

Wide World Photo

THE COCK-EYED WORLD

New York in crazy perspective, from the tower of the tallest skyscraper—the Chrysler Building, Lexington Avenue and Forty-second Street, 800 feet high

Many delegates to the Economic Congress sounded a note of pessimism, expressing the opinion that industry would tend to grow relatively less important in New York, and that trading and finance would become more and more important. They assumed that the policy of drift would continue. The committee intends, however, to formulate plans to check the drifting; it believes firmly that no state in the Union has the industrial future of New York. It believes that the time has come for business and industrial leaders of New York to put their brains to work on behalf of their state. To this end a general plan will be formulated, and committees appointed to study every phase of the problem. Among them will be a committee to devise a plan for bringing about a general tax revision.

Construction ►

Skyscraper's Limit Above Traffic's?

IF "the sky's the limit" for skyscrapers, what's the limit on traffic congestion in skyscraper districts of American cities? This is the first question that has followed the promise—or threat—of a 150-story skyscraper in New York. Charles F. Noyes says he will erect one in Manhattan's upper downtown section, cover nearly five acres of land, spend $75,000,000 to $100,000,000 on it.

Engineers aver that such buildings, twice as high as any yet erected, are entirely practicable. Business men question their economic justification. City fathers and city planners fear the effect on the traffic situation, already serious in most cities, most serious in skyscraper neighborhoods.

Street surfaces and subway stations beneath New York's famous "sky-line" are packed daily with evidence of what will happen when twice as many thousands are poured into one office building through the funnel of one street or one station. Too many persons wanting to go to or away from the same place at once cause its present traffic troubles. Traffic facilities cannot cope with the present situation: can they be expanded to cope with a future dominated by a skyscraper growth such as enthusiasts predict—even if private automobiles are kept uptown as these enthusiasts suggest—even if bigger and better subway guards do a better job of packing bigger crowds into their trains?

Wide World Photo

SWEET LOBBYING FUND

Sugar interests have spent $75,000 in Washington during tariff fight, and have $20,000 more for the same purpose. H. C. Lakin, president of the Cuba Company, so testifies before Senate lobby investigating committee

Production ► **Oneida Buys British Company**

IN a survey of American business enterprises representing foreign capital which was included in the article, "There's No Quota on Immigrant Factories" in the October 26 issue of THE BUSINESS WEEK, the Oneida Community Co. was incorrectly listed as owned by Wm. A. Rogers, Ltd. The Oneida Community Co. has recently purchased Wm. A. Rogers, Ltd., Canadian Wm. A. Rogers, Ltd., and the Simeon L. & George H. Rogers Co.

Production ► **Cheese, Chocolate And Cosmetics**

HAVING acquired almost a dozen dairies, ice cream factories, and mayonnaise companies, Kraft-Phenix Cheese Company plans to go even farther afield in its next ventures in merging. According to report, negotiations are in progress for a merger of Kraft-Phenix with Hershey Chocolate Corporation and the recently merged Colgate-Palmolive Peet Company, manufacturer of soaps and toilet goods. Wesson Oil and Snowdrift may also enter the combination. National City Bank interests are said to be behind the unusual merger, which if carried through will produce a company worth $125,000,000.

Retailing ► **Seek Safety In Double Attack**

THE American grocery trade, aroused by the findings of the Department of Commerce in a recent sample case study of wholesale and retail costs, proposes to develop a program "for the progressive elimination of unfair and uneconomic trade practices." To that end a committee representing the six principal grocery associations has been working. It will present a report at the second annual trade conference in Washington next month.

The Department of Commerce charged its investigated wholesaler and retailer with extravagant practices and inefficient management—and not as individuals but as "typical average firms." Too, chain stores were shown as having taken business from poorer merchants, and, in some lines, from even the best merchants. Thus attacked from all sides, the grocery trade is suspicious; its welkin rings with "ultra-conservative," "dangerous radical," "crook," and "fool." The impending conference may give it hope for the future.

Distribution ► **Radio Reaches for The New Market**

REPORTS from radio dealers the country over indicate an intensive campaign will be waged to "sell" the automobile owner radio equipment for his car. The new market is figured as having not less than 4,000,000 "prospects."

Dealers are reasoning: It will be a spring and summer business. Preliminary sales and experimental installations must be made this winter. The new market may offset the natural falling off of home sales during the summer.

Distribution ► **Cliff Dwellers Dictate to Trade**

SOCIOLOGISTS are shocked by the report from the United States Bureau of Labor Statistics that 62.3% of the families in 65 cities are destined to exist in the apartment houses built during the first half of 1929, whereas only 34.6% were booked for apartments built in the same months of 1922.

Percentage of families provided for in one-family dwellings has fallen from 43.4% in the first six months of 1922 to 27.8% in the same period this year.

The change is reflected in the distribution of all consumer goods. Every trade must revise its products, its methods of preparing and packing them, and its technique of distributing them, to fit these new conditions.

Wide World Photo

TARIFF OGRE

Senate lobby investigating committee learns from Joseph R. Grundy, head of Pennsylvania Manufacturers' Association, that proposed tariff rates conform to Republican platform on which Herbert Hoover was elected

Transportation ► **Railroads Buy More Bus Lines**

RAILWAYS, steam and electric, still are extending their holdings in long-distance motor bus lines.

The Greyhound organization, operator of transcontinental buses, in which the Southern Pacific, Pennsylvania, and Great Northern participate jointly, has acquired control of a state-wide bus system in Texas through the purchase of established lines there of the Southland-Red Ball Motor Bus Company. The purchase includes 2,000 miles of route and 200 buses at a cost of $1,500,000.

The Consolidated Coach Company of

Acme Photo

AERIAL EASY CHAIRS

Comfortable lounge room of the new British dirigible, R-101. The color scheme is blue. World's largest airship also has a dance hall and commodious sleeping quarters for fifty passengers

Lexington, Ky., affiliated with the Lexington Terminal and Traction Company, has acquired 160 buses and 2,050 miles of route in Ohio, Kentucky and Tennessee, connecting Louisville, Lexington, Knoxville, Cincinnati and Covington.

Utilities ► **One New Customer Started All This**

ONE new customer under contract has started Union Electric Light & Power Co. of St. Louis building a $30,000,000 hydro-electric power plant. Fifteen hundred men are at work on the job and soon 3000 will be employed.

The site is on the Gasconade river, at Bagnell, Mo., 135 miles west of St. Louis, where a dam 125 feet high and 2500 feet long is being constructed. The plant will be completed in two years and will have initial output of 215,000 horse power in electric energy. More than 300 miles of steel tower transmission line will carry the current to the new customer. What's left over will supply increasing industrial demand in St. Louis.

It's a healthy customer—one whose annual consumption of 175,000,000 k.w.h. will be 50% greater than that of all the 250,000 residence customers of Union Electric. And the contract is for 15 years.

The new customer is St. Joseph Lead Co. whose properties in St. Francois County, Missouri, are among the world's largest producers of lead ore. This mining company heretofore operated its own electric power generating plant. But its power requirements were growing and its steam plant was inadequate. A new one would have cost several millions.

Union Electric saw the opportunity and offered to buy the old plant and furnish power at an attractive rate by transmission line from Bagnell.

Only one thing stood in the way. The lead company owned two railroads 130 miles in length which hauled to the power plant annually 175,000 tons of coal from Southern Illinois. This constituted a great part of the traffic of these lines, and it would be gone under the proposed deal.

Union Electric undertook to find a buyer for the railroads and it did—at a price of $4,000,000. It negotiated their sale to the Missouri Pacific, already having a network of lines in operation in that territory.

The day the Interstate Commerce Commission approved the sale of these lines all contracts for acquiring the dam site and beginning its construction became effective.

Aviation ► **Lay Ring for Queen Of Dirigibles**

THIS week the ring was laid—corresponding to the laying of a ship's keel—for the Goodyear-Zeppelin Corporation's new dirigible, the ZRS-4, world's largest rigid airship.

The monster dirigible will be inflated with 6,500,000 cubic feet of helium gas; have a gross lift of 180 tons, weigh 98 tons; carry an 82-ton useful load including crew of 45; travel 2,500 miles at a maximum speed of 84 miles an hour; cover 10,000 miles and at a normal cruising speed of 65 miles an hour.

Production of the main girders has been under way for some time. The large airship shed being built in Akron is nearly completed so that actual construction of the ship can now be undertaken. Present plans call for first trial flights about July 1931. ZRS-5, second of the two air mammoths ordered, is scheduled for completion about a year later.

Railroads ► **Net Income Increases 10.4%**

NET operating income of the first 46 railroads to report earnings for the first nine months of 1929 showed a considerable increase over the same period in 1928. Total net income was $575,032,000, compared to $520,742,394. The increase was 10.4%.

Previous showings indicated such an increase, and about the same percentage may be shown for the entire year. Winter weather will cut into the total, as will expected business recession.

▼

THE "Swift Survey of Business Abroad," which usually follows this section, will be found on page 36 in this week's issue.

What the Figures Show

THE latest week's figures give no indication that business has yet been affected by the stock market deflation that has been in progress since the end of September. Industrial and trade indicators remain remarkably steady, and in some respects distinctly more favorable than in recent weeks.

November begins with steel operations well maintained. The general average for the industry, 80%, is the same as the preceding week and only seven points below last year. The Steel Corporation shows a rate of ingot production between 82% and 83%, practically the same as during the past two weeks and only a few points below last year. Independents are also holding steady, at 77% of capacity. Railroad steel demand continues at a high level. Steel for ship building is helping sustain activity, and structural steel awards, at over 55,000 tons, are holding up surprisingly well. Even Pittsburgh sheet mills, despite the low level of automobile demand, are reported working at 75% to 80% capacity.

Automobile production continues to decline slowly, and October will probably show fewer than 400,000 cars and trucks produced in the United States and Canada—less than last October but still a remarkably good figure. November and December, as usual, will probably see a more marked decline, with the usual year-end closing down of plants for inventory and repair.

Building contracts awarded showed a considerable rise for the week in the daily average, although they continue below last year's level. There was, too, a striking rise in heavy construction awards for the week ended October 31, when they reached over $95,000,000, 71% above the preceding week and 6% above last year. This year to date shows a rise of over 17% in heavy construction as compared with 1928, and the increase apparently continues.

THE rate of bituminous coal production fell off somewhat for the week but is still running above last year.

The rate of petroleum production declined for the week but is still above that of a year ago.

Wheat receipts showed a rise for the week, under somewhat more favorable marketing conditions. Cotton receipts, as usual, are beginning to decline, but other agricultural products are coming to market in large volume. The cotton and wheat export movement has shown signs of improvement.

Wheat prices averaged lower for the week under unstable markets disturbed by security market fluctuations, but there has been considerable strengthening with

FIGURES OF THE WEEK

(Compiled with the co-operation of the Survey of Current Business)

PRODUCTION	Latest Week	Preceding Week	Year Ago
Steel Mill Operation (% capacity)	80	80	87
Building Contracts (F. W. Dodge, daily average in thousands)	$14,688	$13,836	$23,245
Bituminous Coal (daily average, 1,000 tons)	1,860	1,929	1,805
Petroleum (daily average, 1,000 bbls.)	2,870	2,903	2,524
TRADE			
Car Loadings (daily average all classes, 1,000 cars)	198	197	194
Check Payments (outside N.Y. City, millions)	$ 7,244	$ 6,558	$ 6,163
Wheat Receipts (1,000 bushels)	9,323	7,381	22,753
Cotton Receipts (1,000 bales)	910	973	801
Cattle and Calves Receipts (1,000 head)	383	335	394
Hog Receipts (1,000 head)	521	469	496
Wool Receipts (1,000 lbs)	4,615	2,041	1,021
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.17	$ 1.21	$ 1.07
Cotton (middling, New York, lb.)	$ .183	$ .182	$ .198
Iron and Steel (composite, ton)	$36.09	$36.16	$35.73
Copper (electrolytic, lb.)	$ .178	$ .178	$ .156
All Commodities (Fisher's index, 1926-100)	94.1	94.6	98.4
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,500	$17,397	$15,972
Commercial Loans, Federal Reserve member banks (millions)	$ 9,580	$ 9,522	$ 9,089
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 5,538	$ 6,634	$ 4,907
Federal Reserve System Ratio	69.4	74.5	67.2
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	37,502	20,811	24,070
Stock Prices (N.Y. Times, average 50 stocks)	$263.92	$289.73	$210.88
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$90,065	$64,165	$50,374
Bond Prices (Dow, Jones, average 40 bonds)	$ 93.61	$ 92.89	$ 96.67
Interest Rates—Call Loans (daily average)	5⅛%	6%	6⅛%
Interest Rates—Time Loans (daily average)	7¼%	7¼%	7%
Business Failures (Dun, number)	455	359	497

promise of support by the Farm Board. Cotton prices are somewhat stronger but still below last year's level. The iron and steel composite price declined again for the week but is still above last year. Copper remains steady so far, but the slack demand may soften the price unless buying improves in November.

The general commodity price level continues the steady decline that has gone on since the last week in July, when the Fisher index stood at 99.2. This is a drop of over 5% in three months.

The general trade indicators are somewhat more favorable. The daily average of total carloadings increased slightly for the week and is above last year. Compared with a year ago there were declines only in grain and live stock, which are normal for the period. Especially large increases over last year in loadings of miscellaneous freight and less-than-carload merchandise are particularly encouraging.

MONEY turnover reflected in check payments outside New York City is running high. Commercial loans of Federal Reserve member banks are also on the increase.

There was some increase in business failures for the week but they are still below last year's level.

Federal Reserve Board reports for September showed that wholesale and retail trade were fairly well maintained. Wholesale distribution increased 2.7% over last year and department store sales 2%. These increases were somewhat less than usual. Wholesale trade in boots and shoes increased 17% as compared with a year ago. As compared with August 1929, increases were reported in all but three of the eight lines, the largest being in meats, hardware and furniture, the last increasing 11%. Men's clothing showed the largest decrease, nearly 11%. Agricultural implements were sold in larger volume in September than a year ago but showed a decline when compared with August.

For the first nine months of this year department store sales were 3% larger than in the same period of 1928. Decreases for the period occurred in the districts of Minneapolis, Atlanta, Philadelphia; New York, Chicago reported gains of nearly 5%. For September St. Louis leads the gainers by sales increases of 11.4% compared with last September. Inventories were about as last year.

Money and the Market

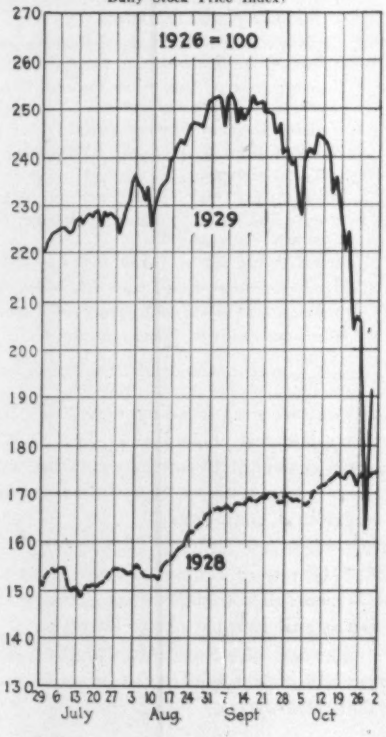
UNPRECEDENTED selling by security holders the country over resulted in the breaking of all stock market records and finally in closing of the most of the exchanges in the country this week under the strain of the volume of trading. The huge wave of liquidation bore prices to the lowest point of the year, brought new high sales records for all exchanges and finally swamped all of Wall Street's facilities.

The calming influence of two and a half days of inactivity this week, and a holiday next, it is hoped will prove effective in quieting the storm, besides giving Wall Street workers a chance to catch up. Not since war broke out in 1914 have the exchanges closed. As sales records exceeded 16,000,000 shares on the Exchange and prices dropped scores of points closing was considered. But it would hardly have been the time. With the substantial rally, however, the decision was made.

Unchecked selling took place the first two days of the week. Nation-wide alarm was created by the situation and strenuous efforts were made to stop the crash.

THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



Bankers took a more active rôle than ever before. They gathered repeatedly at the House of Morgan. Washington issued statements and financial leaders of every field gave reassurances. Insurance companies were urged to buy stocks and margins were reduced. Extra dividends were declared to bolster dropping stocks. The Federal Reserve poured money into the market.

The crash finally was halted, at least temporarily, and a rebound of considerable proportions took place. While the moderating efforts undoubtedly had some influence, the decline halted more because the selling force was spent and stocks were reduced to prices which made them attractive buys in many cases. The Wednesday market rebounded sharply, and the Thursday three-hour session closed with over 7,000,000 shares sold.

The catastrophe was the worst in history. Just how much it means or what comes next can not now be foreseen. A widespread financial readjustment will take place over the next several weeks or even months. While indications are that the speculative craze from which the nation and the world have been suffering is over, even that may not be true.

Foreign markets moved quite in sympathy with New York, as did the other markets in the United States. The crash in New York shook Paris, Berlin, London, Amsterdam and the others, while the revival in New York bolstered up these markets in like degree.

Monetary conditions have been distinctly unusual. Continued easing has taken place, a trend unique in all panic history. Every form of loan has cheapened in open market rate in the larger markets, bringing down the New York and British bank rates this week. If the interior has not yet benefited, time, under present trends, will remove that lag.

Brokers' loans of New York member banks took the unprecedented drop of $1,096,000,000, bringing them to about $5,500,000,000, where they were at the end of June. This was the result of a reduction of about $700,000,000 in out-of-town bank loans and of nearly $1,400,000,000 in loans of "others". New York member bank loans increased nearly a billion, indicating the extent to which it was necessary for them to come to the aid of the market. Borrowings at the Reserve Bank increased sharply by nearly $130,000,000.

Lots of Building Ahead

IN THE rosy-cheeked family of industrial record-breakers building has been the black sheep this year. There is a general impression that for a long period building has been overdone and will be rather slack in the future.

This is somewhat inaccurate and rather doubtful. There have been prophecies of a slump in building ever since the so-called building boom set in four or five years ago. These prophecies have always failed to be borne out by events. Even now, as a matter of fact, the level of general building in this country, while lower than last year, has averaged close to the normal long-time trend.

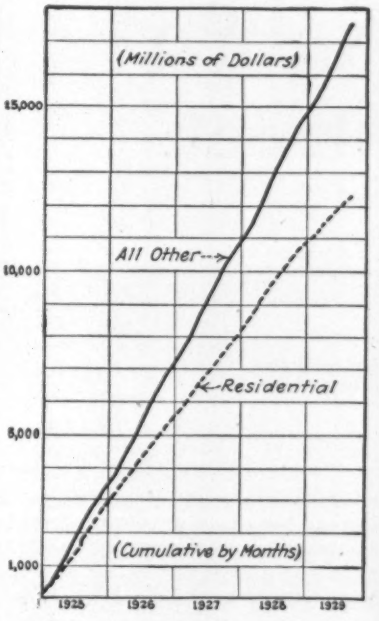
There was undoubtedly a real boom in building in 1925, when construction went more than 40% above the normal line. Since then it has been gradually returning to normal, although in actual amount, of course, it has grown fairly steadily from year to year. The fact that this year's building has fallen below last year's as a whole is probably due altogether to the circumstantial and temporary influence of high money rates for the financing of certain kinds of construction, not to any real excess in building.

THE trouble with our judgments about the building situation lies in our ideas of what is normal. Up to the war building in this country grew at a rate very little larger than the slow growth of the population. During the war there was naturally a considerable backwardness in building, and the increase in the years immediately following the war was due in larger part to the need of making up the war-time deficit.

Since 1925, however, there is evidence that a new factor has been operating to raise the normal level or rate of increase above what it was before the war. That factor is a changed standard of building to meet changed standards of living and changed ideas of the general public regarding building accommodations and public services. The movement of population toward larger cities has supported and hastened this tendency. It is bound to continue because a country like the United States does not easily lower its standards. An enormous amount of construction of this kind remains to be done. Although the total residential facilities of some kind may be in excess of immediate demand, the better class of accommodations is still nowhere large enough to meet the higher level of general prosperity and national income.

BUILDING CONTRACTS AWARDED

(F. W. Dodge Corp.)



BUILDINGS of the older type wear out and grow old with increasing rapidity and will have to be replaced by more permanent and up-to-date structures. The Copper and Brass Research Association estimates that there are $142,000,000,000 worth of buildings in this country which have an average life of not more than sixty years. This means that the replacement and maintenance of the older structures, together with replacement of buildings destroyed by fire or storm, alone call for an expenditure of nearly $4,000,000,000 annually. If the obsolescence and maintenance of newer buildings, and unrecorded maintenance are allowed for, the building requirements apart from what is needed to accommodate the population increase amount to over $5,000,000,000 every year out of a total of about $8,500,000,000.

ANOTHER important factor making for a permanently higher level of construction, apart from the higher standards of residential, commercial and industrial building, is the increased demand for better and more services rendered by public construction of various kinds.

This tendency is shown by the fact that the proportion of total value of construction in the United States represented by public works—sewers, water works, bridges, roads, etc., has risen from 15% in 1925 to 22.2% in 1929, while the proportion of residential construction in the total has declined from 45.7% to 34.5%.

Since 1913 the population of this country has increased 24.5%, the value of total annual construction 525%, and the value of public engineering works 600%, a rise from $2.70 per capita in 1913 to $11.70 in 1928. In 1913 sewer extensions amounted to 28¢ per capita, in 1928 they were 84¢. So, too, municipal water works extensions in 1913 were 22¢ per capita, last year 83¢; the per capita cost of new bridges in 1913 was 24¢ against $1.08 in 1928. The automobile has brought with it demand for faster and better roads, and the annual road building program now amounts to $1,500,000,000. This added to the requirements for other types of construction brings the total value of new construction of all kinds in the country to well above $10,000,000,000 annually.

Thus the temporary slackness in residential building does not mean as much as it seems to for the future. While the value of these kinds of building contracts awarded has run below last year, the *Engineering News-Record* figures for heavier construction, including public works and industrial and commercial buildings, have been running nearly 20% above a year ago. This kind of construction has been financed out of large corporation's earnings and reserves as well as out of public credit, which remains good and is not greatly influenced by changing conditions in the money market.

Building is a fundamental and changing industry, responsive not only to the growth of the country but to its changing needs. It is constantly finding new methods of meeting these needs more effectively, and its steady growth in the future can be relied upon as a constant factor in national prosperity.

What the Wall Street Crash Means

IT is too early to tell the full story of the world-wide stock market collapse. The whole truth about it will probably never be known. Those who have some faith in facts will nevertheless be able to draw a practical moral from it. Those who believe in miracles will never understand anything about it. The important thing now is for business to look at it honestly, objectively and with a clear sense of proportion.

A few things can be said about it quite simply and positively.

There was nothing "technical" about it.

It was natural, inevitable and expected.

It was not as drastic or violent as it might have been.

It will hurt business for a while but benefit it in the end.

It should not have been allowed to happen at all, but it will certainly happen again.

This kind of thing is an old story in the history of business. Every time it happens there are new and somewhat different circumstances, but the causes and consequences are always fundamentally the same.

To minimize these consequences is to try to excuse their cause. General business unquestionably has to pay the price of excesses in any kind of speculation, as it has to pay the price of everything. This collapse will be a severe shock to business sentiment and will slow up business for some months. The number of people involved runs into millions, of all classes. Projects will be abandoned through lack of confidence. The temporary business recession will be somewhat intensified. The purchasing power of large sections of the population will be diminished. Wage earners and salaried workers who have had income tied up in speculation will suffer through reduced purchasing power and reduced employment in some lines. Those trades which have depended upon surplus earnings from speculation will be less active for a while. All of the financial interests involved in the gigantic machinery of investment and speculation will find business curtailed for a time.

These effects will be only temporary and will probably not last as long as they have at other times. The saving feature of the situation is that the speculation has been confined almost wholly to the security markets and has not spread, as it did during the war and at earlier periods, to real estate, commodity markets and business generally. The fact that business expansion itself has been no more than normal for a number of years means that it is proof against serious recession. Industrial efficiency is at a high level. Commodity stocks and inventories, except for certain agricultural products and raw materials are relatively moderate. There is no sign of inflation of commodity prices. Business turnover has been well established on a hand to mouth basis. Consumer inventories are well protected by ample credit. The Reserve Banks are in strong position to finance business expansion.

It Doesn't Mean—

That the real wealth of the country has diminished one nickel

That there will be any general or serious business depression

That stock prices will go back to the level of six years ago

That common stocks will go out of fashion as investments

That the "new era" illusion is dispelled

That the public is cured of speculation

That the Federal Reserve is to blame

These things mean that after a few months of slackness in some lines business will again resume its normal rate of growth. Money for constructive developments will again be obtainable at reasonable rates through the bond market, the savings banks, building and loan associations and conservative investment channels. Ordinary forms of savings, retarded by the period of speculation, will increase again. Consumer purchasing power will return to its normal channels. The total volume of trade in this country is so vast in amount that it is little disturbed for long by upheavals in any special field. Recovery will be promoted by the business community's turning its attention again to the ordinary tasks of trade and industry and the opportunities for business development.

THE common factor in all such catastrophes is human nature. Men are speculative animals; life is a speculation. People everywhere at all times prefer imagination to reality. They are forever hoping somehow to escape the fundamental necessity of making a living by work and forever ready to take any chance that promises an easy road to wealth. Once absorbed in the fantasies of speculation there is no end to the process of self-delusion until it comes into collision with facts and realities. Speculation is cumulative; it feeds upon itself. It is never cured gradually. There

IT DOES MEAN—

- That normal business expansion will be somewhat retarded for a while
- That business will have to go back to work
- That money will be temporarily easier
- That there is no such thing as orderly deflation
- That banks and investment trusts cannot control the market
- That in the end business realities rule stock prices
- That the public doesn't and won't believe it

It was inevitable and is healthy — It will affect business, but to a limited extent and for a short time

▼

is no such thing as orderly deflation or readjustment in any kind of speculative market. It always comes to a crisis and collapses abruptly, with a violence as excessive as its rise.

The recent collapse is the climax, but not the end, of an exceptionally long, extensive and violent period of inflation in security prices and national—even world-wide—speculative fever. This bull market did not begin in 1929, but in 1923. This is the longest period of practically uninterrupted rise in security prices in our history. The rise was more rapid than has ever been seen, and its speculative attraction influenced a larger part of the public than ever before. The psychological illusion upon which it was based, though not essentially new, has been stronger and more widespread than has ever been the case in this country in the past.

This illusion is summed up in the phrase "the new era." The phrase itself is not new. Every period of speculation re-discovers it. It was used in 1903 and in 1907, in exactly the same way as in the past few years. During every preceding period of stock speculation and subsequent collapse business conditions have been discussed in the same unrealistic fashion as in recent years. There has been the same widespread idea that in some miraculous way, endlessly elaborated but never actually defined, the fundamental conditions and requirements of progress and prosperity have been changed, that old economic principles have been abrogated, that the country has entered upon a period of unprecedentedly easy and rapid expansion, that all economic problems have been solved, that industry has suddenly become more efficient than it ever was before, that prosperity has become universal, that production and trade have been growing at an exceptionally high and permanently accelerating rate, that business profits are destined to grow faster and without limit, and that the expansion of credit can have no end.

IN the past six years business and the general public have been impregnated with these ideas until they have become articles of faith. To question them was heresy. The press, banks and investment institutions have endlessly emphasized and elaborated them. Public authorities have repeatedly given them official sanction. It was inevitable that the general public should respond by attempting to discount the promised millenium by buying securities regardless of their price, their yield or their prospects.

Yet these ideas have had very little basis in fact. They are true only by comparison with the short and exceptional period of war conditions, not in the light of the long-time trend. The fundamental conditions of economic growth have not greatly altered in this country in the past fifty years. There have been great changes in the speed, the methods and the kinds of business. Some lines have made spectacular progress. But the aggregate volume of production and trade in the years since the war has grown at little more than the average normal rate that has been maintained through the last fifty or seventy-five years, little altered by wars and recurrent financial upheavals like the present. Business as a whole has shown the same hazards, and business earnings in the aggregate have shown no markedly higher rate than before the war.

Industrial efficiency as a whole, measured in terms of output per worker, has been higher in recent years than during the wasteful war period, but this represents only a compensation for the war-time slackness. The rate of increase of productivity has merely returned to that which existed for a long period before the war. Real wages have undoubtedly risen more rapidly in recent years but this again is only by contrast to the abnormally slow increase in the fifteen years preceding the war, and it means rather a redistribution of the national income than any exceptional rate of increase in it as a whole. Business in the aggregate has not only grown no more rapidly in total volume than it has during the past half century, but it has been no more and no less stable. The basic industries, in fact, have fluctuated as widely above and below normal in recent years as they ever did.

Something did happen, however, to enable the general public to embrace again the delusion of a new era and to act upon its belief by buying shares in the millennium at any price and without limit.

This something is a tremendous increase in the credit resources of the country through the formation of the Federal Reserve system and an enormous flow of gold to the United States from a debtor world unable to pay in any other way. These enlarged credit resources have been the basis for an expansion of bank credit since 1923 at a rate far in excess of the rate of growth of business as a whole. The fact that business itself has not been growing rapidly enough to utilize this expanded credit enabled it to

serve as the basis for a continuous and rapid inflation in security prices.

Business concerns as well as banks fed this inflation. Surplus business earnings were fed into the call market instead of being used for business expansion. Not only were current business needs financed by new security issues bought on bank credit, but the proceeds of such issues often went into further security loans. Corporations were thus engaged on a large scale in financing each other's security issues. Corporation earnings were inflated by income from call loans and from trading in each other's securities. The machinery for marketing and financing securities was enormously expanded and the structure of securities was pyramided by rapid multiplication of fifty-seven varieties of investment corporations and holding companies sponsored by banks and brokerage houses.

IN face of this process the attempts of the Reserve System to control the inflation failed. Those in financial circles who were aware of what was going on were powerless to prevent the flooding of the market with new securities and the continuous boosting of prices made possible by the flow of domestic and foreign funds into Wall Street. The end came only when the increase in the amount and value of securities being carried on credit began to exceed the increase in the amount of credit available from sources outside of the Reserve Banks. Bonds long ago had passed out of the picture. The weaker stocks then began to give way. For nine months the market has been shot through with steady and gradual under-cover declines not reflected in the averages made up of the strong speculative leaders.

The collapse began in earnest in September, when it became obviously impossible to advance these leaders any further or for long at a rate which would pay the cost of carrying them in view of their low yield to new buyers. A market in that position must continue to go up at an accelerated pace or collapse. At this stage money rates do not matter much. The rate of rise of stock prices is not great enough for short or long term holders to cover the cost of call or time money, no matter how low the interest rate.

THE present market break is not much more drastic than earlier ones when relative price levels are considered, but the breadth of the interests involved is much larger than ever before. This itself would be of no significance if it had not brought about a collapse of physical trading facilities, which made it necessary for speculators over a much wider territory to trade for long periods in the dark. This undoubtedly swelled the volume of liquidation and intensified the decline. The withdrawal of foreign funds was a minor aggravating feature, but this itself was a result of the high interest rates which speculation here had long ago compelled abroad.

Fundamentally, the cause of the collapse lies in the relation of the market to basic business conditions. Evidence of a slight business recession of no permanent importance was only the immediate inciting factor in the decline. At bottom, the stock market had anticipated and excessively discounted the actual rate of growth of American business. This does not mean that there has been anything wrong with business. It means simply that the total volume of trade has been growing at its normal rate of 4 to 5% annually while security trading and stock prices have been increasing at a rate at least ten times as great. Finance, as reflected in the security market, has merely once more had to fall back in line and adjust itself to reality, as it has many times before. The history of finance in this country is one long story of repeated efforts to fly in the face of facts.

Recovery is likely sooner or later to revive the speculative drive. The excitement of speculation has been unusually widespread and deep-seated. Human memory is short, and it will take more than one experience of this kind in a life-time to dispel the illusion. After several weeks or months of weakness and convalescence it would not be surprising to see the upward march of security prices resumed. The present deflation has merely wiped out the gains of a single year's bull market. It has not brought the market as a whole into line with realities.

The return of easier money conditions following the present collapse, the persistence of the new era philosophy, the enormous credit resources of the country and the still unbalanced international financial position of the United States will make easy a repetition of the history of the past few years.

Order Emerging In Flying Laws

MRS. WILLEBRANDT'S shrewd statement: "Better a uniform aviation law admittedly inadequate, than a few scattered, highly-refined state laws," has supporters in 26 of the 36 states enacting aviation legislation this year. Nineteen states now require federal licensing for all flying; seven require federal licensing only for commercial flying. Another seven states specify either state or federal licenses.

State legislatures during the year have considered 250 bills on aeronautics; have enacted 106; have definitely defeated 65. Florida legislators, most air-minded, introduced 17, and New York and Connecticut, 14 each. Nine states still have no air rulings: Alabama, Georgia, Kentucky, Louisiana, Nevada, Oklahoma, South Carolina, Utah, Tennessee.

Outstanding in their systematic approach to the problem of air regulation are California, New Jersey, New York, Wisconsin, and Illinois, where temporary commissions have been created to study aviation; and Michigan, where a state board of aviation now is functioning. Rhode Island has had the foresight to appoint a state board to supervise the establishment of airports.

Sensitive to the legal difficulties as well as the dangers in haphazard individual regulation, the American Bar Association now offers a model air law. When adopted by the majority of States the terms of this law are such as to admit federal control with a minimum of friction; to expedite interstate transport; to bring traffic safety in the air and at airports.

Twenty years ago automobile traffic was in the same chaotic state. The "Keep to the Right" law, made universal, not only brought order out of the chaos of street traffic; it fixed the driver's wheel on the left. One law among many.

The regulation period in aviation has arrived; 7,000 new planes will have taken to the air in 1929; it's time to give the subject serious thought.

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Radio Program Monday Evenings

The Showman Steps On the Business Stage

WHEN New York's famous old Eden Musee gave up the ghost, Richard G. Hollaman, the proprietor, refused to follow his waxen horrors into oblivion. Experience with the museum had given him accurate knowledge of how the average human being acts and reacts toward exhibitions. Mr. Hollaman died recently after a successful career as manager of commercial exhibitions.

He was one of a small but active group who promote and put over all manner of shows, from dahlia exhibitions to automobile shows with orchestral trimmings. There are a dozen such companies in New York and perhaps a hundred in the entire country. They work in close conjunction with the officials of auditoriums and convention halls.

ON the skirts of the legitimate profession lurk a smaller class of high-pressure boys who are not all they should be. One of these who has been putting over dud shows in the Southwest may feel the call to a larger field. He lands in New York. He phones the office of, say, the Grand Central Palace.

Insinuating vibrations carry this message over the wires: "I am Colonel J. Foster Ballyhoo. I don't suppose you ever heard of me."

"Quite the contrary, Colonel," comes the glacial response, "You have been working the Southwest. We know all about you and your methods."

The disgruntled colonel has never realized that there is an Auditorium Managers Association which meets quietly twice a year. At these confabs managers swap information valuable to their business—as, for instance, the activities of Colonel Ballyhoo.

The colonel's little game may be organizing local pageants. The thing starts with a whoop and everything is rosy. For the first week. At the height of this period the colonel finds it necessary to depart. There is a considerable loss which the promoter's successors must liquidate.

It should be understood that there is a distinct place for such exhibitions. Many cities put on "pageants of progress" in good faith and stage successful shows. But it is just as well to know that unscrupulous promoters have ways of exploiting local pride with profit only to themselves.

COMPANIES which stage business shows handle every detail from the renting of floor space to the cleaning of the aisles. It is a complicated undertaking and profits depend entirely on applied knowledge of human nature.

There are very few places to sit down in the average exhibition. (Even in a furniture show, cards warn against the use of inviting couches.) The crowd must be kept on the move. The problem is to get the customer in and then get him out. If there are few chairs, the visitors will keep moving and the aisles are left open.

The exhibition company teaches many a business concern how best to display its wares. A booth must not be overcluttered with signs and merchandise—the commonest mistake of the space renter. Decorations must not be so elaborate that they distract attention from the goods displayed. Colors must not be such as to clash with the decorations of the adjoining booth.

THERE is a mistaken impression that business shows usually lose money. Most shows make a profit out of gate receipts, floor rentals, and concessions. If they don't, they are usually discontinued.

Sales made during the last Motor Boat Show in New York were estimated at $7,000,000. Some concerns sold their entire year's output during show week. The Automobile Show is perhaps the most successful. While the management does not give out its figures, the attendance at the last New York show was put at 400,000. Admission was 75 cents. While many passes are handed out, they are distributed through dealers and agents who must pay for them.

The New York Flower Show charges a dollar admission. The Horticultural Society and the florists' organization make enough to offer cash prizes of $35,000 and to give floor space free to exhibitors who install the most elaborate displays of growing plants and trees.

It is increasingly regarded as good practice to hold meetings in conjunction with the shows—with obvious advantages to show and to convention, both.

Clues to That Lost $8,000,000,000

Now is the time to recover the funds filched from our pockets by distribution wastes

"LOST—$8,000,000,000 in distribution wastes!" Dr. Julius Klein, Assistant Secretary of Commerce, wrote that entry on the blotter while business was out looking at the stock ticker.

It's going to be one of the first things to catch the eye as business comes back to work. What are the clues to recovery? Where is business following a false scent? The $8,000,000,000 didn't all go into one pocket; how is it split up? Somebody has discovered the loss but nobody has yet answered these questions completely.

Here's one kind of waste placarded by R. W. Lyons in the current *American Banker's Association Journal*. The average department store's inventory turns over 2.1 times per year or every 174 days; the chain store's, 4.3 times or every 85 days; the wholesaler's, 3.4 times or every 107 days. Add the wholesaler's carrying period to the department store's and the interval from manufacturer to consumer stretches to 281 days. On an inventory which one department store set at $20,042,048, carrying charges at 6% for 281 days would be $925,796.65. A chain store on an 85-day turnover would have carrying charges of $280,045.28 on the same inventory. How much of the $645,751.37 difference represents avoidable waste? Of course, that figure is raised or lowered as the department store or the chain store shift between direct and indirect buying.

IT IS not easy to sense the insidious piling up of costs by the flight of time. No value remains constant. That hundred dollars in your checking account which the bank requires, but on which it pays no interest, is worth more to you now than a year ago. Ask the insurance actuary for the mathematics of that!

A can of soup increases its cost to the grocer every month it stays on his shelves. And if the wrapper becomes damaged, he may not be able to sell it at all. The laws of probability also add their tax: he is less likely to sell it, the longer he holds it.

Poorly organized, badly controlled sales effort must answer for another serious waste. At Louisville, government research men found salesmen offering price concessions to sell retailers known to be shaky by the salesmen's own credit offices; by actual count, found more salesmen than customers visiting some stores.

STILL another source of waste is in the "swank" motive that tempts the business man "to carry his coals to Newcastle" and sell them there, even if it costs all he has to do it. Large selling area is a goal too frequently considered more desirable than profits. Frank M. Surface, assistant director of the Bureau of Foreign and Domestic Commerce, recently referred to a Chicago textile factory hanging on to the Texas market at a dollar-and-a-quarter cost for every dollar sale, while rich markets near Chicago were left to competitors. There was more "swank" to selling in Texas than at home.

THERE'S "swank" in chains, too. Getting stores into the same blocks as competitors, interests some more than finding locations with the best market possibilities. This follow-the-leader location policy has kept profits away from many a chain store; so has preoccupation which increased gross sales rather than net profits. Even the stock market confuses gross sales and net profits—as chain stock quotations show.

Sales below cost put in their bill for waste. The public pays the bill somewhere, but widely advertised low prices stick in the public mind; an article sold frequently below cost becomes increasingly difficult to sell at a safe figure; the producer must make up his loss in other lines or go broke. In either case, the public pays the bill.

Foolish credit extension is a costly —often disastrous—waste. It was one of the most important causes of grocery stores' failures in Louisville. Good retail credit administration ap-

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Human Nature and Management

By ORDWAY TEAD

Co-Author of Personnel Administration

312 pages, 5½ x 8½ inches $3.50 postpaid

This book helps the executive to select his employes, train them for best working efficiency, maintain the most practical working standards, insure a high morale in his organization, arouse interest, discipline, and supply incentives which build up effective cooperation and increase profits.

In addition, it enables the leader to gain a better control of his own personal life and stimulate the use of emotional and reasoning powers. The methods advocated are equally adaptable by offices, banks, stores, governmental departments, hospitals, social agencies, clubs and all organizations where groups of people must work under leadership.

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parently can keep bad debt losses down to ¼% of total sales. Yet some retailers let bad debt losses go up to 4%, 5%—a few even to 25% and more. No wonder they don't live!

Unnecessary duplication of lines is a widely-discussed agent of waste. "Seventeen brands of coffee inventoried; sales concentrated on three brands." There is a danger here, however; for if the merchant throws out all fourteen low-sale brands he may be ditching some of his richest profit-makers. The connoisseur who must have his special aroma may pay handsomely for it. Waste is not so much in carrying extra lines as in failing to recognize all the factors in pricing. It still remains, however, that simplification programs are vitally significant to the waste elimination program.

Then, of course, there are physical mishandling, transportation excesses, and allied obvious wastes. The following estimates of percentages of sales value lost to the public through distribution wastes are not from the list by which Dr. Klein arrived at his figure, but they will serve as well as any:

Unprofitable sales effort	2%
Duplication of lines	2%
Sales below cost	1%
Loose credit methods	1%
Over-extension of sales territories	1%
Lack of inventory control	1%
Inefficient personnel	½%
Hit-or-miss advertising	½%
Unscientific location	½%
Crisscrossing of shipping and faulty transportation and delivery methods	½%
Total	10%

Then, if we can accept current estimates fixing the country's retail sales total at $45,000,000,000 and total sales of producers' goods to industry at $35,000,000,000, applying the 10% waste bill to the $80,000,000,000 total checks with the Assistant Secretary of Commerce.

IT has been suggested that waste elimination will take away jobs; that this, in turn, will reduce public buying power; that industry loses either way. A writer recently compared distribution waste to a banquet which leaves behind "nothing but headaches and wilted flowers," but gives employment to many. This objection holds only so far as luxuries are catalogued as wastes. Economists may argue over luxuries—add them to our list of wastes or not, to suit their theories—but it should be understood that luxuries are not included in what Dr. Klein speaks of as the wastes of distribution. The only important increases in unemployment due to real waste elimination will come in the ranks of traveling salesmen.

THE waste list has been padded with other items that sober second thought should throw out. One of these is delivery service. By some it is condemned as a luxury—a dangerous misconception that has led to faulty thinking. Delivery is neither a waste nor a luxury: its administration may be inefficient and wasteful—which is another subject. Efficient delivery is a service that may or may not be saleable in a given community.

Claims have been made that chain stores sell more cheaply because they do not deliver. The argument is that of the New York manufacturer who discovered how he could beat the price offered by a Detroit competitor for a sale in the Chicago market. He quoted "f. o. b. New York factory siding" thus "saving" freight charges. His "quotation" was lower than the Detroit man's "f. o. b. Chicago delivery siding"; but the "price" to the purchaser was higher because he had to add the freight charge.

The cash-and-carry stores sell "f. o. b. store." Delivery cost is not eliminated, merely transferred to the buyer. Whether store delivery or customer fetching is the more economical depends on whether the buyer's time and effort is costing him more or less than would organized delivery service.

Then there is credit. Whence the idea that credit extension *per se* is a waste? For each purchase someone must supply payment—and sacrifice the return the money itself would bring. If the store can do the financing more easily, on a more favorable basis than the purchaser, its charge or instalment sale is a saving, not a waste. If the customer wants the service and is willing to pay for it, it is good business to provide it.

Who grasps these points takes a long step forward toward a scientific understanding of the problems of distribution of wastes.

Hunting without a license

It's hard to believe that there are persons who still go "figure hunting." Monroe Figuring Methods have outlawed this aimless shooting and no licenses are issued.

Monroe Figure Service, personified by the game warden, has shown countless business executives the wastefulness of such haphazard methods. And furthermore, Monroe service and Monroe methods are already effecting, for a thousand and one businesses, economies of time, money and effort by practical short cuts and the elimination of unnecessary figure work.

The Monroe representative in your locality is a specialist in business figures — he can show you how to produce the greatest number of accurate results at the lowest possible cost. Telephone him or write our home office at Orange, New Jersey.

MONROE
HIGH SPEED ADDING-CALCULATOR
The Machine for Every Desk

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MONROE ADDING-CALCULATOR
with full automatic division

Send this Coupon

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Orange, New Jersey

Please send me a copy of "A Giant Stride Ahead," describing the Monroe Adding-Calculator.

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Address .....

In the Opinion of 5600 Business Men—

THE average volume of general business in the country as a whole during November, December and January will be about 2% greater than at the close of October, and 3% over the same period last year. It has been running 5% to 6% above last year; is slowing down a little.

By sections also, the country will show some increase over last year during the next 90 days—the East North Central and West South Central as much as 6%; Chicago 4%, and St. Louis 3%. New England expects to do a volume of business 1% under the same period last year. This is the only section from which a decrease in business is expected as compared with last year.

Canadian business in the next 90 days will run 4% above the October-end, and, also, about 4% above last year. A new impetus to general construction work is reported from all sections of the Dominion, but a serious congestion in grain storage is reported owing to small export market.

THE favorable agricultural outlook continues to dominate the general business horizon. The farmers, taken as a group, are really optimistic for the first time in several years. While agricultural conditions are spotty, yet in general the outlook is better than this time last year.

General employment continues on a high plane in practically all sections of the country. This favorable condition with a background of high wages provides the basis for a large consumer purchasing power. Several industrial centers, however, report a curtailment of operations in some of the leading industries.

LOW inventories continue to be maintained by distributors in general, but there appear reasons for believing that production in some lines is exceeding the demand. Some manufacturers have made the mistake of believing that the abnormal commodity demand of the past summer months would continue during the remainder of the year.

Back of the factual situation is a general spirit of confidence and optimism which is prevalent throughout the nation. The psychological effect of such a feeling should go far toward keeping business on an even keel.

THE extensive participation of the general public in the stock market outweighs all other unfavorable factors.

The Council on the Trend of Business

THIS is the gist of the views of 5,600 top executives composing The Council on the Trend of Business concerning the business outlook in their sections of the country.

***The Business Week* receives and analyzes these business outlook reports each month. They give a composite picture, not obtainable elsewhere, of the current thinking of a group of representative American business men. What business men think about business conditions is an important factor in determining business conditions. Though it is not statistically measurable, it helps to make the statistics that measure the business changes.**

While the adjustments of the past two weeks are bound to exert some unfavorable influences on the purchasing power of thousands of consumers, yet this should be offset by the fact that these consumers will at once become potential commodity purchasers rather than habitants of brokerage offices. Savings banks accounts should reflect this favorable reaction.

FAILURE to decide upon the provisions of the new tariff law and the uncertainty as to its ultimate passage and acceptance by the President is causing increased apprehension among business men. Such continued uncertainty is bound to hurt a large proportion of business if continued.

Most sections of the country report a seemingly gradual slowing down in general business. Few manufacturers expect to close 1929 on the same plane as that maintained during the first three-quarters of the year. Some leading industrial groups such as automobiles, paper and pulp, rubber products and residential construction are operating several per cent under this time last year.

OVER-BUYING of commodities, mostly of the luxury class, on the instalment payment plan is fast attaining alarming proportions. Much fear is expressed that a drastic drop in the stock market, such as has occurred during the past two weeks, may result in a large amount of time-purchases being thrown back on the distributor.

Chain store competition and the tendency toward price cutting to attain volume of sales is undermining general retail business. Many merchants are finding that the net financial results are not worth the effort and are being forced to go into other lines of business.

THE continued scantiness of money available for mortgage purposes has been one of the dominating reasons for the drastic curtailment in residential construction which, at the present time, is on a plane 48% under that at this time last year. Not only will the return of the money market to normal rates of interest make funds available for mortgages, but thousands of dabblers in the stock market will now turn their minds toward more substantial investments in the way of real estate. Materially increased activity in residential construction in the next few months is almost a certainty.

COLLECTIONS are reported as improving, but much fear is expressed that a drastic drop in the stock market, such as has been witnessed during the past two weeks, may cause collections to become extremely low. This is to be expected especially among those who have bought luxury commodities on future payments from stock investments.

So This Is "The Panic"

A DISTINGUISHED Continental banker, just arrived in New York, was being shown about Wall Street for the first time on Tuesday, Black Tuesday, last Tuesday. Before the effigy of George Washington atop the Sub-Treasury steps he listened for a moment to his journalist-guide's translation of a raucous speech by a distant Tammany orator that sputtered through a brace of loud-speakers perched on a truck. "But he is not speaking about the panic," objected the foreigner. "The orator is not reassuring the public that all is not lost; he is not persuading them against resort to violence." The journalist made a miserable fiasco of explaining the issues of Manhattan's Mayoralty contest to the visitor.

They proceeded down the befouled plank roof which covers the subway trench now being completed beneath Broad Street. Four incurably civilian policemen mounted on listless chargers were in conversation with a group of workmen engaged in hoisting a giant banner. "Ah," exclaimed the over-seas financier. "There we have it! An announcement to the people! Doubtless a proclamation from the Government counselling calm to citizens."

The reporter read the gaudy letters as they unrippled through the breeze. Downcast, he replied:—"No, Monsieur. The banner is quite simply an advertisement inciting the inhabitants of the financial district to attend a certain rough-riding of horses, a Western sort of performance known here by the word 'Rodeo.'"

The news man resolved to find his eminent visitor a thrill, a regular Wall Street panic-day thrill. Into a friendly brokerage establishment he steered him through a good-natured, jostling crowd of men, women, young, aged, rich, poor, none of them sullen, all of them talking, joking, wise-cracking. "Do you mean to tell me that this is all there is to it?" asked the only excited person in the audience. "To a panic? To a world calamity? And that all these good-natured people here are at this moment losing their life savings, perhaps even their inherited millions, while the nation beyond is losing billions upon billions? It is astounding! Verily, you are an unbelievable people! In London there would be addresses from the Throne and admonitions from the Prime Minister.

Three Efficiency Trophies won at Cleveland National Air Races, 1929, by Bellanca Aircraft. At left: Aviation Town and Country Club Trophy. Center: Cleveland-Buffalo Efficiency Trophy. At right: Detroit News Air Transport Trophy

These time-honored trophies confirm the daily experience of Bellanca owners

THE most important air-race trophies of today are those awarded for airplane efficiency. Efficiency contests directly influence the development of performance, economy and safety in airplanes built for public, industrial and private service.

America's outstanding efficiency awards are the Detroit News Trophy, and the Aviation Town and Country Club Trophy. Stock model Bellanca monoplanes have captured the former three times, and the latter five times, winning both trophies on every occasion Bellancas were entered. In the most recent Bellanca victory, at the Cleveland National Air races, these sturdy six-place cabin monoplanes took 5 First, 2 Second, 3 Third and 2 Fourth Prizes, including the new Cleveland-Buffalo Efficiency Trophy. It is a remarkable tribute to Bellanca that, when measured on combined speed, carrying capacity and quick take-off, airplanes of the same design have so repeatedly demonstrated their superiority—essentially the original Bellanca design.

More than that—Bellanca efficiency has been proved over and over by the historic Bellanca transatlantic flights, the world's distance and endurance records, the American endurance and load-lifting records, established by famous Bellanca pilots. But the most significant fact is that *all these proofs of performance only confirm what every Bellanca owner knows—that Bellanca monoplanes in daily use, year after year, are consistently providing safe, dependable and economical air transportation.*

All of the original features produced by G. M. Bellanca are now summed up and perfected in the master design of his career—the new 1930 *Pacemaker*, built as only Bellanca can build, powered with the Wright Whirlwind 300 engine. Fly in the *Pacemaker*, and you will learn how Bellanca engineering has outrivalled everything else in the single-engined class. Distributors from coast to coast. Bellanca Aircraft Corporation, New Castle, Delaware.

Pacemaker Specification: Six-place cabin monoplane. Dual control. Luxurious appointments. Structural strength 12% greater than Dep't of Commerce requirements. High speed, 145 m.p.h. Cruising speed, 122 m.p.h. Payload (with pilot), 1,235 lbs. The Bellanca Seaplane performs at a high speed of 130 m.p.h.; cruising speed, 110 m.p.h.; payload (with pilot), 1,235 lbs. Both types built under U. S. Dep't of Commerce Approved Type Certificate No. 129.

BELLANCA

To *Stockholders of*

Close Corporations:

Consider these questions as they affect *your own interests*

Does each stockholder know definitely what will become of his interest in case of his death?

• •

How will the heirs of each stockholder be compensated to the full extent of his holdings?

• •

How will the other stockholders be enabled to purchase the interest of the deceased without taking "money out of pocket"? How do they know they will have the funds at that time to buy the interest of the deceased?

• •

How can they be assured that there will be no introduction of unknown, outside interests which may disrupt the smooth working of the affairs of the corporation?

• •

AN *immediate* and *definite* assurance that these problems will never impair the profits of your business or cause great inconvenience or loss to your heirs is probably worth much to you. The Equitable, realizing this, has prepared a plan which will give you this assurance.

Send for a copy of our booklet, "*To Officers of Close Corporations.*"

THE EQUITABLE TRUST COMPANY
OF NEW YORK
11 BROAD STREET
LONDON · PARIS · MEXICO CITY

Total resources more than $550,000,000

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In Paris the streets would be packed with troops."

A FEW minutes later, they were in the Visitor's Gallery of the Stock Exchange itself, looking down on a fine, highly-waxed dance floor studded with little horse-shoe shaped pyramids sprouting out of leather benches, where the incredulous old-worlder saw about 685 men circulating briskly, not headlong—like dancers, not like boxers—from group to animated group. It was lively, it was fast, it was vigorous, but it was graceful; it was ordered, it was not pandemonium, bedlam, the famous advertised tempo of a panic.

With the closing gong, the banker turned to his companion. "My dear young friend," he began, "you tell me that here under our very noses a few men in a little room, a fair-sized room, have just succeeded in five hours' time in losing the equivalent of our national debt! And with no excitement, with no ado, with no terror, with no commune, with no revolution. How do you account for it?"

THE reporter rummaged his brain for the best remnants of his companion's tongue to frame a reply.

"The American people," he began, "are a strange people. They believe things. One of the great men in your old world once said that everything is for the best in the best of possible worlds. But nobody believed him there; nobody believes him there up to this day. But here men do believe it. They think that everything is possible. That is why so much is possible. They all think they are going to get rich. That is why so many of them do get rich. They all believe that the market is going to go up. That is why it does go up and keep on going up. Then, suddenly, something unlooked for happens, some unanticipated, immeasurable element appears, and the ever-rising market goes down, and down with a smash, as you saw for yourself today. That is the temper of this people. They cannot help it. It is their way. It may be right or wrong, good or bad, but anyway they think it is more fun to live that way."

The foreigner started. This time it was his intelligence which was moved. "Yes," he replied respectfully, reverently, almost condolingly. "But what about the morrow?"

"The morrow is all right. They will start it all over again. They are game, these people. For them there is no morrow but a better morrow."

German "Ships" Are Really Ships

GERMAN aircraft designers appear as eager to break size records in heavier-than-air machines as the American and British designers are to build bigger and still bigger dirigibles. Just a few days after Dornier's DO-X, world's largest seaplane, carried 159 persons on a successful flight, the Junkers plant at Dessau, Germany has announced that a trial flight of its new world's largest land plane will take place shortly. This is an all metal plane powered with four 600-horsepower motors located inside wings, so large that, even at their tips, a man can stand erect inside them. The plane has an overall span of 148 feet; length 75 feet; height 16 feet; is designed to carry 40 passengers.

On top of these developments comes another announcement, this time from Dr. Ing E. Rumpler, constructor of the Rumpler-Taube war fighter, that plans are completed for a still larger flying boat capable of carrying 170 persons and designed for trans-atlantic service. Dr. Rumpler claims its ten 1,000-horsepower engines will give it a 40% reserve of power even at the take-off; that it can carry on with four engines dead; can be handled with six out of action.

When these developments are considered in connection with the apparently successful tests of the Armstrong floating seadrome, it seems not unreasonable to expect some attempt at regular trans-atlantic commerce within a few years.

▼

5 and 10's Swell Merger Millions

THE largest "5 and 10" merger to date takes place this week. F. & W. Grand and Isaac Silverman & Bros. are combining 140 stores doing an annual business of approximately $31,000,000. Popularly classed as "5 and 10's," these stores price their sales items at from 5 cents to $1.

A holding company has been formed to take over the two concerns, there will be changes in capital structure, an exchange of stock, no new financing. Executives of both companies will participate in the new management.

This grouping marks a trend in the chain store in line with that in general industrial fields. The field dominated by Kresge and Woolworth has a teamed entrant stronger than both competitors running separately.

To Protect the Health of 100,000 People

PARAMOUNT in their importance to any city or town are the provisions and equipment which safeguard the health of its citizens through an adequate supply of pure drinking water and through the effective disposal of sewage.

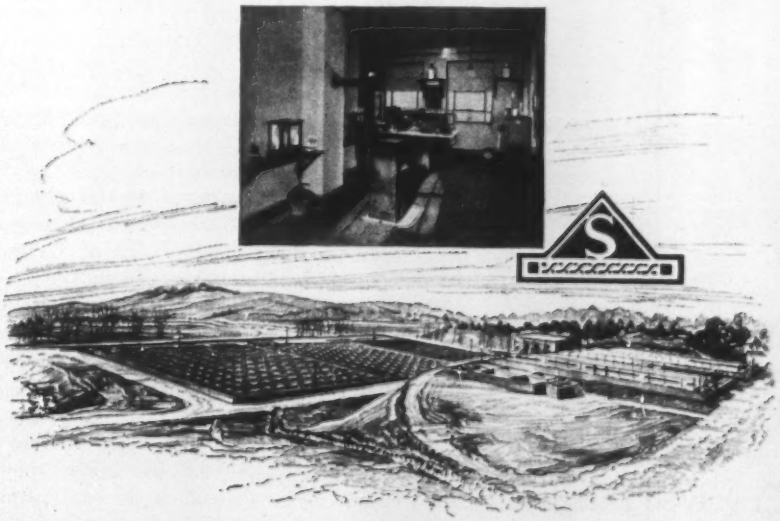
This problem of health protection is no longer simple. Increasing urban population necessitates large scale operation and adds complications of water supply for manufacturing processes and the handling of industrial sewage.

The solution has become a task for the engineer—a task which requires the co-ordination of equipment and steps of laboratory control of bio-chemical reactions with the elements of location, future growth of population and a vast number of other elements.

In this field, we have designed and supervised construction or installation of water supply and distribution systems, sewage disposal plants, street lighting, layouts, street and highway improvements.

Illustrations below show the recently completed sewage disposal plant for the city of Greenville, South Carolina, with capacity to take care of a population of 100,000 people and the bio-chemical control laboratory.

J. E. SIRRINE & COMPANY
Engineers
Greenville **South Carolina**



ENGINEERING CONSULTANTS ON THE SOUTH

Business Success
invariably takes its root in the first impression!
What the business world thinks of your firm gets its start from the first contact others have with your salesmen or executives.
Nothing is so important as this first impression! And it is at this point that the engraved business card, done by Wiggins, which expresses prestige and quality, is often the seed which takes root and grows into the sturdy oak.
Samples of perfect business cards and quotations on any quantity are yours for the asking.
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YAWMAN AND ERBE MFG. CO.
FILING DEVICES & OFFICE SYSTEMS
WOOD AND STEEL
ROCHESTER, NEW YORK
DUPLEX
THE DUPLEX PRINTER COMPANY
LANSING, MICH.
WIGGINS
Engraved Business Cards

Survey of Business Abroad

EUROPE

Conditions generally unchanged.

By Special Cable to The Business Week

Great Britain — Notwithstanding Snowden-MacDonald contributions to foreign prestige, there is growing domestic impatience with the Labor government for its lack of a tangible business program. Unchanged rediscount rate before New Year's, pending restoration of the gold reserve, is predicted. Woolen industries wage-cut proposal precipitates strike threat. Hopes for tax reduction are blasted by Snowden.

By Special Cable to The Business Week

France—Sound business prosperity with tax reductions considered assured, unaffected by government changes. Probable increased Socialist influence with the return of Briand is forecast. With franc exchange at the gold point, gold shipments to France may be experimented with.

By Special Cable to The Business Week

Germany—Period of company consolidations and recapitalization lacks directional tendency and raises foreign ownership issue. Tendency to disfranchise foreign shareholders is worth watching.

U. S. Dept. of Commerce

Spain—Approaching visit of Figueras, newly appointed governor of the Bank of Spain, to Paris and London is taken to mean that he is seeking aid of Bank of France and Bank of England to procure credits to stabilize peseta, preliminary to return to gold standard.

FAR EAST

U. S. Dept. of Commerce

Japan—General trend on the money market remains unaltered. Despite monetary ease, severe depression persists in stock markets in apprehension of restoration of gold standard. Prices have dropped all around and volume of dealings has been decidedly limited, with daily sales often below 100,000 shares. Statistics compiled by Nippon Kwangyo Ginko show average yield of leading stocks in September reached 7.66%—highest since banking crisis of 1927. Foreign trade balance continues favorable despite drop in raw silk shipments and increase in raw cotton imports.

U. S. Dept. of Commerce

China—Trade in Shanghai and lower Yangtze paralyzed by heavy troop movement. Freight service on Pekin-Hankow and Tientsen-Shanghai railways suspended; commercial vessels commandeered by Nanking government for moving troops to Hankow and Canton. Approximately 2,500,000 tons of grain from North Manchuria, formerly exported through Vladivostok, will be routed over South Manchurian railway to Dairen during next three months.

LATIN AMERICA

U. S. Dept. of Commerce

Argentina — Agricultural prospects improved. Most of the wheat and linseed lands ruined by early droughts are being planted to corn under ideal weather conditions. Summer reorders practically completed. Retail trade quiet except automotive sales which continue to pick up. Mendoza grape growers organize to stabilize marketing.

U. S. Dept. of Commerce

Brazil—Collapse of coffee market has caused flurry eased only by the government's statement that no loan is sought in world financial markets to defend coffee policy, and continuing national budget surplus. Business is depressed.

U. S. Dept. of Commerce

Colombia—To move large crop, coffee federation is considering plan for extensive advertising campaign in the United States.

▼

Shipping ► **Britain Speeds Up In Ocean Race**

RENEWED interest in transatlantic shipping is seen in the activities of the Cunard and White Star Lines. Cunard is on the verge of laying down two new liners, the *Servia* and *Auranta* —each more than 60,000 tons, more than 1,000 feet long. White Star is building the *Oceanic,* another 60,000-ton motor-ship replacement for the Liverpool-New York run following the *Britannic* which will be launched next spring.

The Cunard Line is having some difficulty in providing the $30,000,000 or more required for its two ships. The Labor Government, so far, has declined to guarantee repayment if banks advance the money. By building its liner at Belfast, White Star gets the Government of North Ireland to provide funds.

These new ships will have maximum speed of 30 knots, average cruising speeds about 28 knots. Sir John Biles asserts the practicability of 1,000-feet liners with geared turbines and water tube boilers of 500-pounds steam pressure developing a speed of 33 knots.

Two Sisters Are Arbuckle Bros.

HAD two conservative maiden ladies upwards of fifty-five been gentlemen instead of ladies, one or both of them would now be sitting in the small private office on the main floor at 71 Water Street, New York, where John Arbuckle—captain of industry, battler against the sugar trust early in the present century, philanthropist of warm heart and striking individuality—reigned for so long.

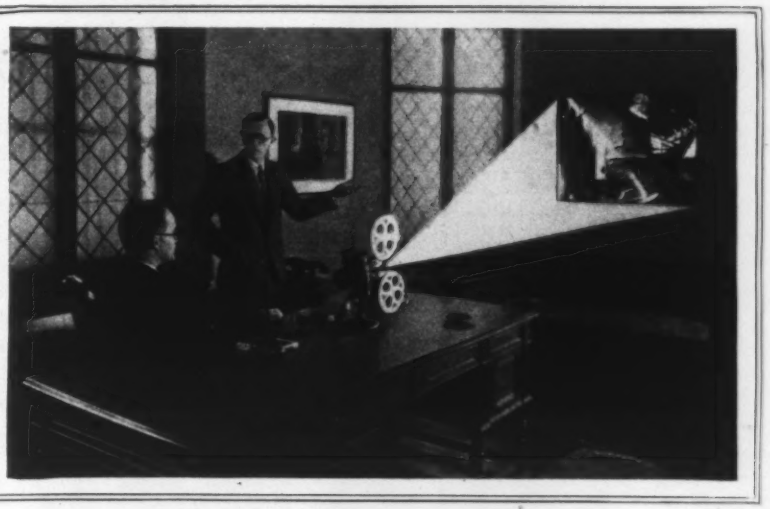
As it stands, the Misses Margaret A. and Martha Jamison of Pittsburgh, only surviving members of the Arbuckle family and guardian of the Arbuckle coffee millions, follow the Victorian tradition that business is for men. Arbuckle Brothers is run for them by proxy.

The Misses Jamison are nieces of John and Charles Arbuckle, founders of Arbuckle Brothers. Their mother, before her marriage to Robert Jamison, was Catharine Arbuckle.

In their girlhood Arbuckle coffee was already famous. John Arbuckle had gained his training in the wholesale and retail grocery trade in Pittsburgh and had been one of the first men in this country to see the possibilities of selling coffee in small, sealed containers, direct to consumers. He had gone to New York —or rather, to Brooklyn—in the seventies. There he and Charles built up their plant. Their coffee, in packages bearing two lions as a trademark, had a wide distribution and made them rich. They never incorporated and Arbuckle Brothers today is still a co-partnership—a family matter—and the Misses Jamison are the family.

The Misses Margaret and Martha grew up with a distaste for the least flicker of the spotlight that is astounding in an era when English women of title and New York debutantes plunge eagerly into trade and on to front pages. So marked an aversion to publicity is in contrast, too, with the methods of John Arbuckle himself.

John Arbuckle should be drawn in broad, colorful strokes—his nieces, Miss Margaret and Miss Martha, in pastel shades. It is hard to imagine them in the great Arbuckle warehouses down by the Brooklyn waterfront, where the air smells of raw coffee and Manhattan Bridge hangs overhead. If they had been men, though—or if they had been born on the distaff side of the Arbuckle-Jamison line even half a generation later—But that would be another story.



When he asks:

Are You Equipped To Do It?

Answer with

FILMO PROJECTOR

"Show me!"...That kind of a command has stumped so many salesmen and executives that it has ceased to be funny. You can't carry your factory around with you in a sample case for the edification of a prospect whose product you'd like to manufacture. Yet he has a right to undeniable proof of your ability to handle the job. If he won't visit your plant and see it with his own eyes, there is only one way out—a reel or two of 16 mm. moving pictures and the Filmo 57-C Business Projector.

From machine to machine, from operation to operation, the movie story of your plant will unfold itself in lucid, graphic sequence. With a Filmo Projector, this dependable little salesman will talk straight through the conference without a break, doing a better job of selling than the greatest orator on your staff.

Light, compact, and easy to carry, Filmo 57-C Business Projector is preferred by America's greatest industrial organizations to sell the story they want to tell. Set up and in operation in but a moment, it runs itself, silently and efficiently, requiring no attention. The pictures it shows are brilliant and theater-clear, and may be projected on wall or screen up to 9 by 7 feet in size.

Write today for literature and information on the many uses of motion pictures in industry.

Filmo Business Projector—*Filmo 57-C Projector for business use. 250 Watt 5 amp. lamp; variable resistance and voltmeter; 45-50 condenser; operates on 110 volt AC or DC; weight 9½ pounds.*

Filmo Continuous Projector—*Filmo 57-X (not illustrated) continuous projection attachment can be installed on Filmo projector for repeating your sales story in display windows and booths. Fully automatic. Accommodates up to 150 feet of 16 mm. film.*

BELL & HOWELL

Filmo

BELL & HOWELL CO., DEPT. K, 1819 LARCHMONT AVENUE, CHICAGO, ILL.
NEW YORK • HOLLYWOOD • LONDON (B. & H. CO., LTD.) • EST. 1907

A Golf Club Is Pretty Select

A HICKORY log comes down from the Cumberland mountains east of Nashville, a persimmon log from somewhere in western Tennessee, Mississippi or Arkansas. They meet in a specialized lumber mill in Memphis, the nation's center of hard wood manufacturing. A year or more later a marriage takes place. A small chunk of the persimmon is united with a shaft of the hickory to make a golfer's driver or brassie.

Practically all all-wooden clubs have persimmon heads, hickory shafts. Turning persimmon and hickory logs into golf clubs is a leisurely process. Seasoning takes time. At one time last year Golf Shaft and Block Company had 700,000 persimmon blocks resting in a single room—club heads waiting to be born.

Not more than 20% of even an A-1 hickory log is "golf timber." These choice portions are turned into rods, or "dowels," 40 or 45 inches long, 15/16 inch in diameter, carefully inspected for stiffness, straightness, quality of grain. An expert tester from a sporting goods manufacturer who was on hand selecting shafts for shipment to his concern, showed a BUSINESS WEEK correspondent how, even though dowels had been culled over once before, he still discarded about 45 of every 100.

Some discards go into handles for lower-priced clubs. Others emerge lower yet as bows for little boys, shafts for juvenile clubs, spokes, bottle brush handles, handles in general, whipstocks, and what not. Some even fall so low as to become broom handles or mop sticks.

Business of the Memphis plant, growing with the great game, is double that of four years ago. Then the best customer bought 4,000 shafts a month, now 200,000 a year. More than 1,000,000 head blocks or heads, more than 1,000,000 shafts, are turned out in a year by 125 employees. Sales are mainly to club manufacturers. Ninety-five per cent of these do business under the American or British flag.

The greatest single mechanical improvement made recently is a testing machine whereby club shafts are accurately standardized and graded. This is simply a platform scale, rigged up to register the number of pounds pressure necessary to bend a shaft a specified distance. Three grades are recognized: 44 pounds and up, the best; 38 to 43, medium; 32 to 37, inferior. Of the best, only 15% run 51 pounds and up. These are the clubs with the real whip—"the old pep"—in golf language.

A golfer can make clubs last indefinitely and cut from two to five strokes off his score if he will observe the following "don'ts," say the Memphis manufacturers:

Don't hand-test ("ride") shafts too vigorously.

Don't use a club as leaning post, or walking cane.

Don't stuff shoes or other paraphernalia in golf bags and so warp shafts.

Don't lean club against wall, or hang on a hanger. Lay them on a flat shelf or in a bin, with heads hanging down over outside edge.

Don't forget to wipe shafts when wet, and to shellac or varnish occasionally. Hickory is "nature's finest gift to golfers," but, like all products of nature, needs reasonable care.

ESLEECK

=THIN PAPERS

Standard for light weight mailings

air mail —Ten sheets to the ounce. Indispensable for fast mailing of sales information.

export —Ideal for all long-distance correspondence. —Available in many colors. Economy in weight.

branch office —Save postage on bulk correspondence. —Save valuable filing space.

thin letterheads for business—Distinctive and unusual—rugged cockle finish—substantial for the typewriter.

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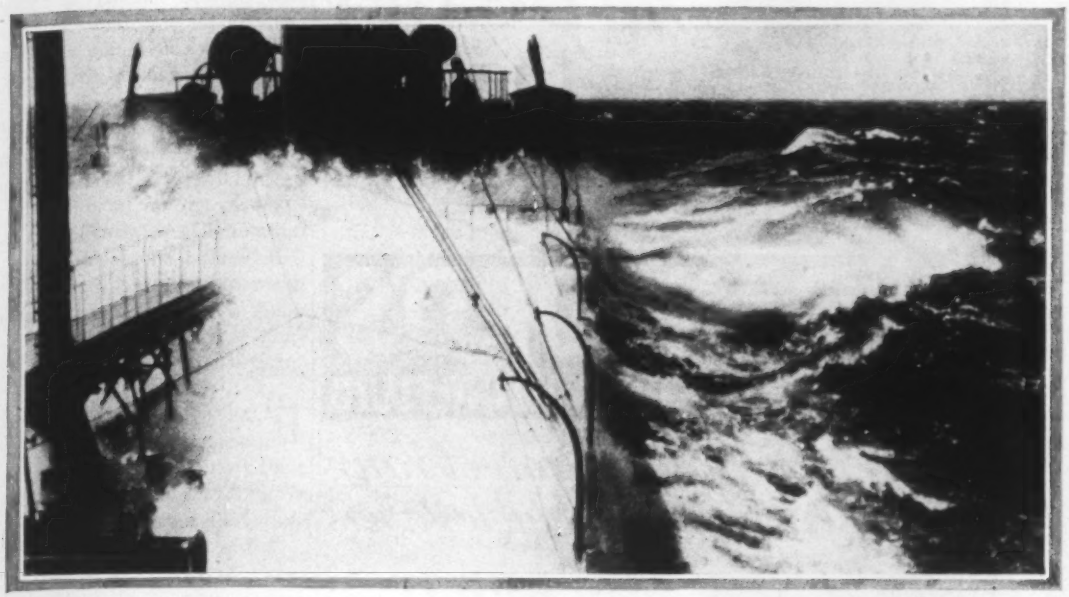

Big Industry Puts Out to Sea

Without loans or subsidy, a huge proportion of our Merchant Marine is doing nicely, thanks

CRUDE oil from the Gulf to the New Jersey refineries, fruit from the Caribbean and California to New Orleans and New York, iron ore from Brazil and Chile and India to Pittsburgh and Bethlehem, sulphur from Texas and Louisiana to North Atlantic ports and Europe, steel products from America to all the world——

These are some of the life-streams of sea trade that are maintained by the industrial carriers, those fleets of ships specifically excluded from the provisions of the Jones-White law.

Framers of that law believed its benefits in mail contracts and shipbuilding loans should apply to common carriers only and not to lines of ships built and operated by industrial companies primarily for transporting their own products. Early in October, however, officials of the United Fruit Company made an appeal to President Hoover for mail contracts. It is entirely possible that the coming session of Congress may be asked thus to widen the provisions of the Merchant Marine Act of 1928.

How many Americans realize the size of these industrial fleets and their bulk in our merchant marine?

The dominant industrial carriers are the oil tankers. They are the industrial carriers par excellence—they are built for one commodity and carry no other. The 396 tankers under American registry total 3,762,000 tons—more than the total merchant marine of France or of Italy!

OUR largest fleet is that of the Standard Shipping Co., subsidiary of the Standard Oil Company of New Jersey—38 ships aggregating 482,000 tons. With all its foreign subsidiaries, this corporation has 100 tankers running to 1,000,000 tons. Second in size under the American flag, is the fleet of Standard of New York, 34 tankers totalling 350,000 tons. Then in order come Gulf Refining, the Pan American Petroleum & Transport, Texas Company, Standard of California, Atlantic Refining Company.

Next rank the fleets of the steel companies. Above all others stands forth the giant fleet of the United States Steel Products Company—38 ships, 200,000 tons. Another subsidiary of U. S. Steel owns the largest fresh-water industrial fleet in the world—those hundred ore-carriers which from April to November ply between the open pits of the Mesaba Range and the ore-docks of the lower lakes. Second on salt water are the two fleets of the Bethlehem Steel Company —16 ore-carriers adding up to make more than 100,000 tons.

Then come the fruit fleets, lumber fleets, sugar fleets, molasses, sulphur, phosphate fleets—ships sometimes designed for one type of cargo and one only, and sometimes not. Consider, for instance, the immense fleet of the United Fruit Company. Almost all of its ships are refrigerated, designed for the transport of bananas up from the Caribbean. But last year the United Fruit Company ships carried 1,000,000 tons of miscellaneous cargo, mostly belonging to other concerns, and 72,000 passengers.

These industrial fleets form more than half of the privately owned merchant tonnage under our flag. And furthermore, these industrial ships are all in all the most modern in our merchant registry. For example, approximately 40% of the Standard Oil fleets are motor ships —a strikingly higher proportion than holds in our merchant marine as a whole. This proportion is increasing.

In the sharp contest between the tur-

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bine and the motor, the great oil companies, with special incentives and facilities for the study of oil economy and use, are designing a vast majority of their new tankers with motor drive. Of 87 tankers now under construction in the world, 73 are to be motor ships, 14 steamers. Two 20,000-ton tankers just ordered from the Federal Shipbuilding Company are to be driven by geared turbines. The explanation is that they will be used on coastwise runs, always near a source of fuel supply, whereas the motor ship shows its superiority in long runs, when the question of fuel-carrying space is crucial.

FUNDAMENTAL is the rule of the industrial ship-owner that his fleet shall always be smaller than his normal requirements. This makes certain all his ships will always be employed even in a slack season. The ordinary ship-owner must always run the risk of having to tie up some of his vessels or operate with partial loads. The industrial ship-owner knows that he can at any time charter ships. Standard of New Jersey and its subsidiaries usually has on charter between one-quarter and one-half million tanker-tons in addition to its own million.

This company, as a typical example, possesses a traffic department. Its job is to foresee world oil demands and movements, allocate tonnage and arrange charters—a complicated problem—made harder by the fact that tankers are divided into "dirty" and "clean." The ship that has carried crude cannot readily be switched to transport refined. The cleaning process costs too much. The growing tendency is to refine near the source of supply; so the number of "clean" ships operating in the company fleet is constantly increasing.

These are landlubber companies that might not be expected to know much of ships, yet they seem to manage their fleets with the efficiency of a modern smelter, or refinery, or motor plant. For instance: by shrewd allocation of ships and by quick turn-arounds in port, the time at sea of many of the tanker fleets has been increased to more than 72%. Tankers such as the 21,000-ton *William Rockefeller* and *John D. Archbold* load their 140,000 barrels in less than one day and discharge in a day to a day and a half.

By skilful handling of overhaul and repairs the Standard Shipping Company cuts the yearly lay-up time of its tankers to 26 days—an astonishingly low figure compared to freighters in the common carrier business.

Life on tankers and ore-carriers is

• • • WHEN THE CHIEF'S ALOFT!

THE broader and more diversified the field, the more lofty should be the point of supervision! . . . Telephones, stock-tickers, fast automobiles and railroads, telautographs, and radios are utilized to the utmost to maintain supervision and control. *But nothing gives the high executive so comprehensive and clean-cut a picture of field operations as an airplane.*

The character of a city may be judged accurately from the air by a comprehensive view of its industries, its traffic, its communications, its buildings and suburbs. Entire railroad systems may be inspected in a day from the windows of the conference chamber itself. Extensive dams and other industrial works, taking on proportions of toys, may be studied as critically as perfect scale models. . . .

That is chiefly why such great industrial organizations as Standard Oil of Indiana, Standard Oil of California, Curtis Publishing Company, the Texas Company, and Reid Murdoch Company are using Ford tri-motored, all-metal planes as flying executive offices.

Railroad executives, tax assessors, oil men, lumber operators, prospectors and surveyors . . . all have special use for Ford tri-motored, all-metal planes. Durability, speed, safety and spaciousness for desks, instruments and living accommodations make the Ford plane an ideal flying headquarters. . . .

The air-minded American public has already accepted the Ford tri-motored, all-metal plane as representing the highest standard of commercial air transport. The highly efficient design is the result of continuous study and experiment. . . . Ford tri-motored, all-metal planes are in regular service all over the United States.

FORD MOTOR COMPANY

Visitors are always welcome at the Ford Airport at Detroit

Aerial view of Concrete, on Baker River, Washington. . . . In a Ford tri-motored, all-metal plane, you can put a vast field of varied operations either into the perspective of a small relief map or a large close-up. The earth may be studied leisurely and safely from an elevation of 15,000 feet, or with swift comprehensiveness at 150 feet. . . .

•

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17 *capacity* (including pilot's dual-control cabin)—Buffet, toilet, running-water, electric lights, etc.

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Interior view of one of our customer's planes . . . as clean and stable as a yacht . . . twice as fast as an express train . . . and, when tri-motored, equally as safe.

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monotonous because of the short stays in port and the sameness of the cargo. So, to encourage continuous service, there are bonus systems, increasing with the length of time on the payroll, and further bonuses for the safety and efficient handling of the ship—all acting as incentives to faithful performance of duty.

Good food is vital, too, in promoting content on monotonous voyages. Therefore there are schools for cooks and stewards—a fact that would probably astound the old-time cargo ship owner who believes that cooks are born and not made. Food on cargo ships is often bad, —inevitably bad, ineradicably bad, some shipping men would say—but these industrial ship-owners are no respecters of sea tradition!

There is romance in these great industrial lines, too. What a picture of the interlacing of the world's trade in the odyssey of an ore-carrier! Here is the *Iron King* up from Rio with manganese ore for rail shipment to the Pittsburgh mills, then off through the Canal to the Far East with steel plates and rails, picking up part of a cargo of ore in Sumatra, part of a cargo in Calcutta, and home via Suez to Baltimore or New York. Then off southward with coal for the Panama Railroad and steel plates for Chile, back north with nitrate to New Orleans, and away again to the Orient with steel manufactured in the Tennessee mills!

COULD and would the industrial carriers make great use of the benefits of the Jones-White law if it were extended to them? As respects mail contracts, United Fruit presents an exception among industrial carriers. Because of the source and nature of its commodity, its ships run on fast regular routes.

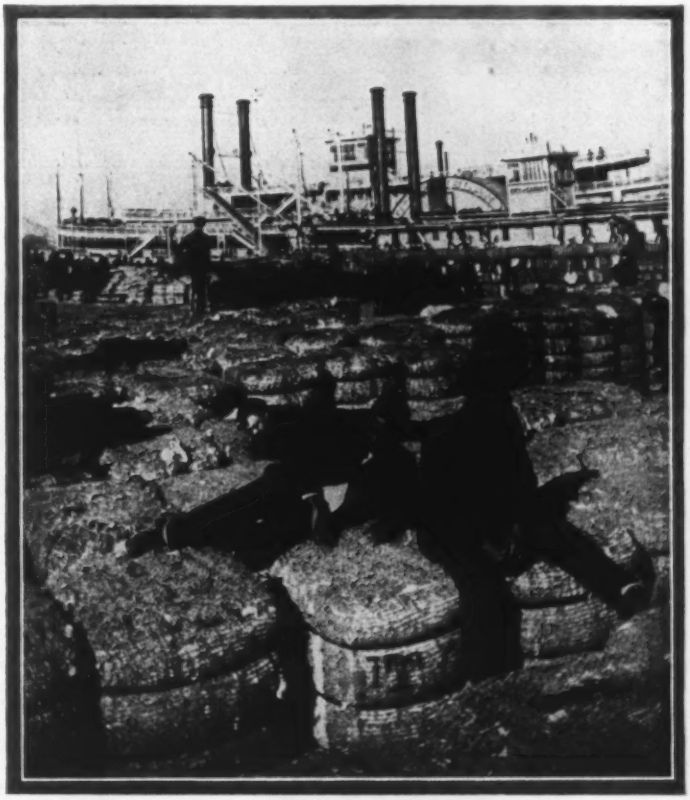
Most other industrial fleet owners would seem, however, to be excluded from the possibility of mail carrying. Their routes shift frequently and unexpectedly with the ebb and flow of world supply and demand on the goods they carry.

As to building loans, that is another thing. An officer of one of the oil companies asked: "Why should we pay the Government 5½% for money for building ships? We can get money cheaper than that."

But other industrial companies might be glad to borrow money for shipbuilding at that rate.

Meantime the great industrial fleets interweave the seven seas, knitting up the industry of the world.

Still the pride of the levees, but 2,500,000 of these bales were "untenderable" in 1928



King Cotton Grows Shabby

THE cotton situation this season again puts a stiff question to those who believe that government, through Farm Boards or tariffs or otherwise, can do anything for a business that it does not do for itself.

The growing of cotton is one of the world's largest businesses. It means a billion and a half dollars to this country alone, and in it, by virtue of a long start, we still dominate the world, although cotton can be and is grown in almost every part of the world. Yet year after year one of the world's basic industries, the making of cotton textiles, is kept in a state of uncertainty and suspense regarding the amount and price of its raw material, while the American producer never ceases to complain about the uncertainty and unprofitableness of his labors, and to call upon someone for help.

It is true that the cotton crop, like all other things in which nature runs the factory, depends upon the weather and is so far beyond control. Fluctuations in the price due to this factor might be smoothed out by controlled marketing through cooperative or government action, but these changes in the total supply are not the only factor in the price and profitableness of cotton.

This year cotton is bringing less than 19¢ a pound. Farmers feel it ought to be higher, above 20¢ at least. The American crop is only slightly larger than last year's, the carryover smaller, and consumption promises to be larger than last year. The total available world's supply this season is less than in the past two years and the balance left for distribution throughout the world is over 2% below last year at this time. Yet the price for American cotton remains persistently below that of the last two seasons.

This season's crop has come to market more rapidly than last year's, but there is something more than the larger, immediately visible supply behind the price weakness. That is the uncertain quality of the crop. Cotton is not just cotton. The total size of a crop is not the most important factor in the price, because the competiton of other fibers is putting greater emphasis upon the quality of cotton textile fabrics in the world markets.

Indications are that the quality of American cotton has gradually deteriorated and its position in world markets is becoming weaker on that account. In the 1928 crop more than 2½ million bales were "untenderable," which means that they could be spun by somebody and were worth something, but were below the quality fixed by Congress as required for cotton submitted in fulfillment of contracts. Because of weather conditions the proportion of below standard cotton in this season's crop will probably be larger still.

Most of the long staple, finer cottons in the American supply have disappeared —the old Mississippi "peelers" and "benders" as long as twenty years ago, the Sea Island crop ten years ago and the Arizona Pima cotton since 1920. Within the past few years the Texas 1⅛ inch cotton so much in demand in Lancashire has also practically vanished, and the bulk of the American crop today is of less than 15/16 inch staple.

This puts our cotton increasingly in competition with the growing output of other countries, like India, who by careful cultivation have improved the quality of their product until it has become practically as good as the American and can be produced almost as cheaply.

The weevil is partly to blame, but even this factor we have not really tried to control as it must be controlled if it is to be eliminated. Not more than 5% of the whole cotton belt has been systematically poisoned as yet. The South still sees too much of a Providence in the

Did Brown recover full damages?

Just a casual question passed between business acquaintances at a club. Brown, the owner of a successful and growing business, had a fire that gutted his plant a short while before. Did he recover full damages? Of course he was covered with insurance—but unless his inventory statements, accounts receivable, etc., were protected in fire resistive safes there is a question. For it is necessary to produce these important records to collect full damages.

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weevil to be willing to tackle it seriously by universal and compulsory measures.

More serious is the fact that our poor cotton is increasingly due simply to bad farming. Much of our cotton is grown on the wrong land by the wrong people in the wrong way. Because the so-called "half and half" cotton of short fiber produces more pounds to the acre than other varieties, farmers grow it as the easiest way to quick returns. Our ginning methods also result in a constant degeneration of seed through failure to segregate and select.

The producer justifies his failure to produce better cotton by saying that present marketing methods give him no incentive. The inspirational literature of federal and state agencies urging him to improve quality has little effect because an average price is paid for cotton regardless of grade and length of staple.

It is obvious that most of these factors are problems for the cotton growing business, not accidents or injustices to be remedied only by a beneficent government or Providence. They must be met by intelligent, concerted action by those in the business if we are to meet increasing competition of other countries and retain our leadership on a basis profitable to the producer. Other countries will buy their cotton where they can get what they want most cheaply.

Cotton, like anything else, will never bring more than it is worth to those who use it. The cotton co-operatives have been and are now interested chiefly in getting a better price for cotton, regardless of its quality, by regulating the volume marketed. It remains to be seen whether they will be as much interested in producing a better product and grading and marketing it so that it commands a better price because it is a better product.

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New Markets for Fruit Surplus

THREE thousand cases of fresh and dried California fruit have been shipped to the east coast of South America. This is the first shipment south from the California fruit surplus. The Sacramento Region Citizens' Council sent trade scouts to seek South American markets in order to prevent a glut. Argentina was reported the best bet, with Brazil and Chile promising possibilities.

A similar search was made in the Orient by the University of California. A large shipment was sent westward to test methods of packing and the effect of the long sea voyage. Now several ships are being equipped for this business.

The STOCKROOM is a *Bargain Basement* now

THE YOUNGEST of us can remember when stores had great cellars full of merchandise, piled high. You could buy twenty or thirty dozen of almost any item shown upstairs. But today when you clean out the shelf-stock, you've cleaned out the store.

The reserve is in the hands of the manufacturer. Daily telegrams go out. Instant delivery has become a key-factor in getting volume out of your territories. And nowhere is this truer than in the South.

Trebled buying power has made the Southern market a vital part of your volume. Merchants are piling up volume as their customers make up for luxuries long denied them. But their orders go to those houses with warehouse stocks or branch factories close by.

Your average merchant looks to Atlanta for his rush orders. He knows that one of the fifteen main railroad lines radiating from Distribution City will bring the goods almost overnight. He knows that America's keenest producers have located their branches in Atlanta because it is the South's strategic center.

He knows, furthermore, that goods from Atlanta branch factories are apt to be better values. It takes no engineering training to tell him that the combination of efficient labor, low taxes, plentiful raw material, and other basic factors found in the Atlanta Area, makes possible better goods for the money. Nor is it any mystery to him that factories in congested areas —competing for labor, for raw materials, for land— find it hard to bring their prices in line with Atlanta producers.

It should be obvious to you that a city which has attracted nearly 700 of America's leading concerns during the past four years alone must have something you need.

Yet this may not be so. You may be the exceptional house whose requirements are not met by the advantages Atlanta offers. But neither you nor we can be sure of that without careful investigation.

To simplify this study the Atlanta Industrial Bureau will gladly have its engineers analyze your needs in their relation to Atlanta's economic position. Without charge or obligation, and in the strictest confidence, a thorough survey will be made for you if you will write

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Wide Reading

THE EXPERTS LOOK AT UNEMPLOYMENT. John A. Ryan. *Commonweal*, October 23. The shorter work week: arguments pro and con; results.

IT'S TIME WE TOOK THE "BLUE SKY" OUT OF THE AIR. S. H. Giellerup. *Advertising and Selling*, October 6. Offers a definite plan for learning who, where, and how many are in the invisible radio audience.

WHO IS THE FARMER'S FRIEND? Clarence Darrow. *Plain Talk*, November. Ridicules as more silly than vicious the theory that farmers should cut down production if they would prosper.

MUSSOLINI'S AMERICAN EMPIRE. Marcus Duffield. *Harper's*. November. Effects on Italo-American business of the Fascist invasion of the United States. Bold, provocative, authenticated.

TOO OLD AT 45. J. Leroy Miller. *Forbes*, October 15. Pennsylvania grappling with industrial age limit. Industry begins to realize its responsibility to veteran employees.

AUTOMOBILE PRODUCTION. *Automotive Industries*, October 12. Reviews developments in automotive production methods and has special articles on machining methods, plating, piston manufacture, waste elimination, material handling. Special review issue with report on Machine Tool Congress.

AMERICAN BUSINESS TEAMS THAT MAKE MILLIONS. B. C. Forbes. *Forbes*, October 15. Personalities in conspicuously successful million-making teams.

SKYSCRAPER GARAGES OFFER SOLUTION TO CITY PARKING PROBLEM. *Dun's International Review*, November. Experiences of pioneers; valuable to beginners and to city traffic commissioners.

VIENNA HOUSES ITS WORKERS. Harry W. Laidler. *New Republic*, October 30. An example to city planners and to the industrialist planning the housing of workers.

LOBBIES FOR LOOT. Ruby A. Black. *Nation*, October 30. Side-lights on Senatorial investigations, racketeers, lobbyists.

AN AMERICAN ENGINEER LOOKS AT RUSSIA. Lazarus White. *Engineering News-Record*, October 24. A business man shares his observations on trade opportunities for Americans in Russia.

BOOKS

MARKETING INVESTIGATIONS. William J. Reilly, Ronald Press, 245 pp., $5. Clear presentation of the four major steps in conducting a market investigation: (a) preparing for study of specific problem; (b) gathering information in the field; (c) interpreting information; (d) presenting data.

FORTY YEARS WITH GENERAL ELECTRIC. John T. Broderick. Fort Orange Press, Albany, N. Y., 218 pp., $2.50. In forty years work with a concern which has progressed as General Electric has, one can witness some unusual developments. This book touches the high spots of such a career with particular emphasis placed on personalities such as Steinmetz, Langmuir, Whitney and others who have been prominent in electrical history.

An interesting corner in the Pennsylvania Railroad Produce Terminal in New York: wholesale buyers inspecting samples of oranges to guide them in the spirited auction bidding which will follow

An early morning scene: Looking from the bulkhead down one of the three gigantic piers, where the contents of 725 cars can be displayed at one time —heated, lighted, and ventilated day and night.

Photos by Paul Hesse

9 acres of fruits and vegetables *in the heart of New York*

***"It's like taking a tour through the orchards and truck gardens of all quarters of the Union. The place is wonderful"* . . . .**

So said a well-known nutrition authority after she had explored the Pennsylvania Railroad's immense new Produce Terminal in New York City—the world's largest.

"I started with Oregon and Washington. I was shown vast amounts of rosy apples and winter pears shipped here from that section.

"Then I was taken to California. There I found thousands of crates of seedless grapes and tokays. Not far away were oranges of all kinds, and lemons.

"I learned, too, that the delicious celery we had during the holidays was grown in California and that the artichokes we now use at smart dinners as a vegetable entrée, and the alligator pears which are such a delicacy, come from the same state.

"From the West, so to speak, I traveled in this market to the South. There was romaine from New Orleans with tomatoes from Florida. Oranges, grapes, and grapefruit also came from Florida, and I saw spinach, lettuce, and string beans from the Carolinas and Norfolk."

This colorful scene illustrates a new era, both in national agriculture and in public health.

These fresh fruits and vegetables, essential to the healthful diet of city dwellers, have been brought an average of 1500 miles to market.

The Pennsylvania Railroad Produce Terminal in New York is only one of many serving a territory which includes well over half the urban population of America.

The one at Philadelphia is second largest in the world.

Equally adequate to needs of the communities they serve are others in such cities as St. Louis, Indianapolis, Cincinnati, Pittsburgh, Baltimore, and Washington.

At each of these well-organized distributing points, speeding cargoes, timed to the market's needs, fan out to spread the nation's harvest on consumers' tables—fresh, delicious, healthful.

A SILENT REVOLUTION in transportation practice is summed up in the following facts:—

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2. Refrigerating stations keep fruits and vegetables always fresh in transit.
3. A system of "passing reports" enables shippers to divert goods in transit to markets where demand is greatest.
4. Practically all produce is cleared through terminals without a day's delay.

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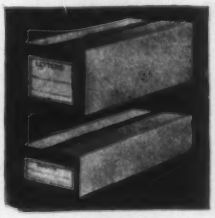


The Week's BUSINESS Speeches

GORDON C. CORBALEY, president of The American Institute of Food Distribution:

"The merchandising victories of the future will not be won by mechanical price wars. Success will come to the merchandising that is handled with personal understanding and the ability to cater to the larger measure of personal selection that is developing in American consumption. The human equation is now of controlling importance. The relentlessness of the last few years is passing.

"The chief competition of the future is to be for service—how to increase favor of the American housewife. Part of her demand is resulting in grocery stores being made into attractive food shops, a necessary factor in the evolution of distribution methods."

▼

The five-hour day and the five-day week are in the offing. Mass production demands it.—Edward A. Filene.

▼

E. J. KVIRING, vice-chairman of the Soviet State Planning Commission:

"Soviet Russia will soon surpass the United States in industrial production. The Soviet government during the coming year will spend $1,760,000,000 on the construction of 63 gigantic industrial plants, hydro-electric stations, factories, and mills, 23 of which will cost more than $50,000,000 each. The total cost of these plants will represent more than the entire sum invested by the Soviet in industry during the last five years."

▼

If I have spurred men to greater efforts and if our work has widened the horizon of man's understanding even a little and given a measure of happiness in the world, I am content.—Thomas A. Edison.

▼

DR. DUISBERG, chairman of the Association of German Industrialists, at the annual meeting at Düsseldorf:

"As a result of a recent tour of the world, I have reached the opinion that the economic center is slowly shifting from the Atlantic to the Pacific. Two main reasons for this conclusion are (1) the growth of financial and economic power in the United States, coupled with the extension of the American sphere of interest in the Pacific; and (2) Japan's surprisingly rapid economic progress. America has become the first power in the Pacific and has out-distanced England and Japan, not solely because of the war, but also because of the ability and energy of her people."

▼

Surely the time has come for people to recognize that a race for population between the nations is as deplorable as a competition for armaments.—Professor F. H. A. Marshall.

▼

O. H. CALDWELL, former United States Radio Commissioner, now editor *Electrical Merchandising* and *Radio Retailing:*

"A campaign is now under way in Washington with the avowed purpose of (1) breaking down the present system of cleared or exclusive channels, and (2) giving hundreds of little stations full time on better wave lengths. The little broadcasters can be depended upon to swamp their Congressmen with telegrams of approval of such a course, the only outcome of which will be to deprive millions of farmers of their present excellent reception and wonderful programs, while enabling little stations to sell more advertising time and reach tens in place of the tens of thousands now so admirably served.

"So once again radio must go through the agony of being a political football, while selfish politicians make capital and cunningly mislead non-technical votes. And such a procedure will be inevitable every year or so, as long as radio is in the hands of a political commission subject to confirmation by the Senate."

Consider the Lowly Bond

A PURCHASER of Jugoslav 8% bonds paid $856.25 a bond, according to last Tuesday's Stock Exchange record. On March 7, 1928, somebody else paid $1,015 a bond. Service has been met with the utmost punctuality in the meantime. The bonds are secured by the gross receipts of the state railways and by the net receipts of the state monopolies. Pledged revenues are payable monthly to the fiscal agents in New York. This astonishing situation is worthy of wider publicity.

Stock trading has so obscured the vision of investors that the foreign bond market has been left as a dumping ground for those who require ready money for margins. Years of patient spade work to make New York a worthy successor of London and Paris as leader of world financing have been thrown away.

Creation of the new market in 1919 and the two or three years following was a ticklish job for the bankers. Old ladies in Maine, who had always thought the Canadian Pacific Railway bonds rather a wild speculation, were not easily persuaded to buy the obligations of, say, Poland, Jugoslavia, and Bolivia, and the governments of those countries were considerably taken aback when they heard the terms on which they would be granted a loan of American dollars.

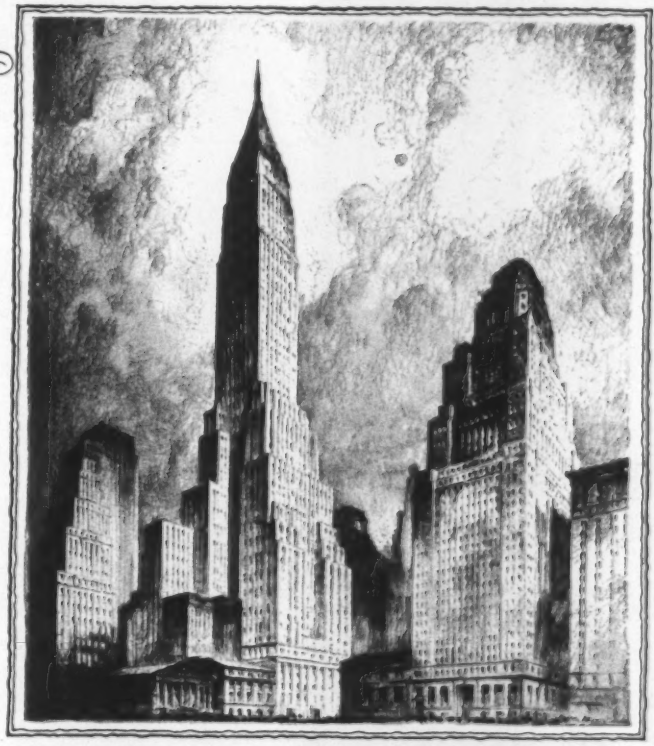
But bond salesmen are engaging and seductive young men, and the governments in question were assured by the bankers that the first financing must not be considered a pattern for others to come. Good behavior would be rewarded by better terms.

Both banks and governments loyally kept their promises. All three 8% issues went above par after touching abysmal depths, and the three nations were later enabled to sell 7% bonds in this market, at 92, 92½ and 98½ respectively.

Income yields of 9% and 10% are now obtainable, and with the return of cheap money a quick recovery in the price of these securities seems imminent.

Gentlemen no longer prefer bonds, but there must be a few devotees who have not transferred their allegiance to the more volatile and sprightly allurement, or who, having done so and been stung, are willing to return to their more sedate prior favorites, whose steady incomes are not the least of their attractions.

Starrett Preferred



Looking at the heart of New York's Financial District upon completion of the Bank of the Manhattan Company Building—in which The Starrett Corporation owns a controlling interest

MANY substantial profits have been realized by investors through the purchase of senior securities, amply protected in assets and earning power, which carry Common Stock Purchase Privileges constituting a call or option on Common Stock.

Securities of this character have become increasingly popular because they afford the conservative investor an opportunity to profit through the enhancement in market price of the junior securities while enjoying at the same time ample protection of principal and a liberal return on the invested funds.

The holder of each share of The Starrett Corporation 6% Preferred Stock will be entitled, subsequent to April 30, 1930, to purchase one share of Common Stock at the following prices: to and including April 30, 1931, at $29 per share; thereafter, to and including April 30, 1933, at $35 per share; thereafter, to and including April 30, 1935, at $50 per share.

This Common Stock Purchase Privilege promises to be highly profitable. Present quotations for The Starrett Corporation Common Stock are substantially in excess of the option prices for the next three years, and earnings of the Corporation are increasing steadily.

Write for special folder

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TREND and TEMPO

By Robert R. Updegraff

PERHAPS I have told this story before somewhere, but in view of the so-recent celebration of Light's Fiftieth Anniversary it will surely bear repeating.

It was on a Lackawanna ferryboat, pulling into Hoboken. The passengers in the cabin were making their way toward the doors. All but one man who was slouched in a drunken sleep; he slept on.

Perhaps twenty people glanced at him as they passed. Then one kindly old gentleman went out of his way to step over and shake the sleeper. "Hoboken," he shouted in the man's ear.

A dozen men turned at the sound of his voice and a look of shame crept into their faces as the whispered word went around that the man who had taken the thought to do what any one of them might have done but had not troubled to do was Thomas Edison!

"Well," remarked one old gentleman, "that's like Edison to stop and awaken that man. It's symbolic. While we all selfishly go about our own little affairs, too busy to think of our neighbors, Edison spends his time doing big, worthwhile things that wake up humanity."

IN his "Byproduct" column in the *Cleveland Plain Dealer,* John W. Love makes the observation, "The stories of people who have become fabulously rich in the stock market have been getting monotonous the last two or three years but now we begin to hear about those who have been made fabulously poor."

We have arrived at the morning after the day before, in our speculative orgy. Without any thought of moralizing, it may be pointed out that those business men who aim to maintain a leadership viewpoint might well get out their copy of the little pamphlet containing the report of the Committee on Recent Economic Changes, published last spring (and sold by the Government Printing Office at 5c the copy) and re-read that section having to do with economic balance. I quote a few sentences:

"The forces that bear upon our economic relationships have always been sensitive. All parts of our economic structure, from the prime processes of making and of marketing to the facilitating functions of finance, are and have been interdependent and easily affected. And therein lies the danger: That through ignorance of economic principles, or through selfish greed, or inadequate leadership, the steady balance will be disturbed, to our economic detriment.

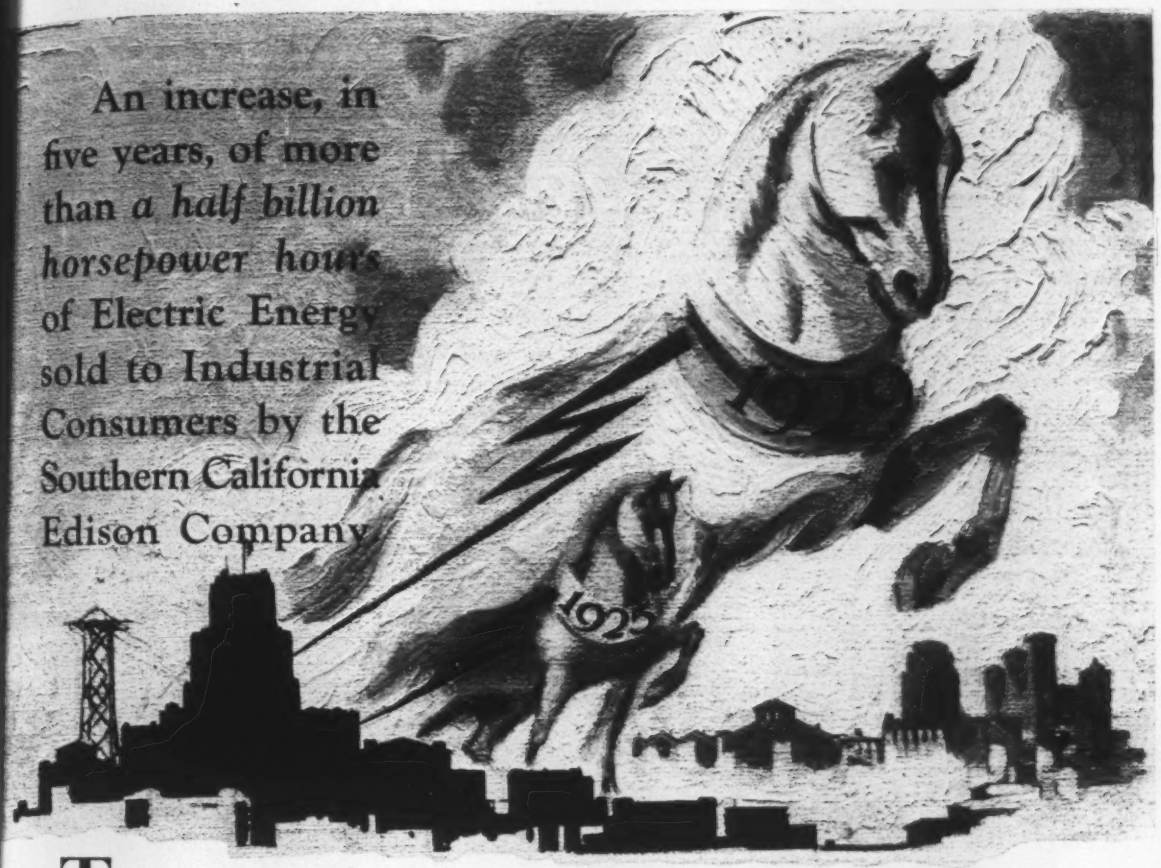
"If natural resources, especially the land, are wastefully used; if money in quantity is taken out of production and employed for speculation; if any group develops a method of artificial price advancement which puts one commodity out of balance with other commodities; if either management or labor disregards the common interest—to this extent equilibrium will be destroyed, and destroyed for all."

Clearly, we were about to lose our economic balance, and had to make a great lunge in the opposite direction to recover ourselves.

Must this sort of thing continue? Can we not develop a leadership in American business that will more nearly maintain that equilibrium upon which the welfare of each of us and all of us is dependent?

S. WILLARD SMITH, executive vice-president of Childs Co., states that this well-known restaurant chain has a combined frontage of 297 feet on Fifth Avenue. There are nine Childs restaurants on the avenue, the aggregate frontage of which makes Childs the largest commercial user of Fifth Avenue frontage between Madison Square and Central Park.

This is an interesting angle on chain store expansion. . . . Will the day come when all of our Main Street frontage will be held by chain organizations? And will the great chain store magnates of the future sit around their clubs bragging about the number of front feet they control of Chapel Street, New Haven, or their aggregate frontage on Superior Street, Toledo?


An increase, in five years, of more than a half billion horsepower hours of Electric Energy sold to Industrial Consumers by the Southern California Edison Company
1925

This Reflects the Marvelous Growth of INDUSTRY *in* Los Angeles County

Southern California Edison Company serves an area of 55,000 square miles . . . a population of approximately 3,000,000 people.

With the completion of this year's development program, costing $29,000,000. this company will have a total investment of more than $320,000,000 in its generating and distributing system.

Immediate hook-up is available to industries locating anywhere within the area served by this company.

AGGRESSIVE MANUFACTURERS have their eyes on Los Angeles County. 100 new manufacturing plants have been established here in past twelve months. Southern California Edison Company alone has sold to industrial consumers 506,150,576 horsepower hours of electric energy in the first six months of 1929, (more than in the entire year of 1925).

The reasons are obvious: Population growth unparalleled in history; temperate climate the year 'round; contented efficient labor; unexcelled transportation; abundant power and water at low cost; quick access, at favorable rates to all Pacific Coast markets, and to the stupendous awakening markets of the Orient.

If you would like to know the actual opportunity here for any specific industry, write to the Industrial Department, Los Angeles Chamber of Commerce.

SOUTHERN CALIFORNIA Edison

INDUSTRIAL LOS ANGELES

EDITORIAL PAGE

THE BUSINESS WEEK—A McGRAW-HILL PUBLICATION

Let's Go!

WHEN the first sharp shock of individual disillusionment and loss has passed away it will begin to dawn upon us that the collapse of "the greatest bull market of all time" is the best thing that has happened to American business in the past fifteen years. It marks the end, we hope, of a period of war disturbance, speculative enthusiasm and economic instability; the beginning, we are certain, of a period of steady, substantial development. The air has been cleared of unrealities and delusions; the road to real accomplishment is opened wide and far. Business will now see more clearly some of the things it had better not have done, and the many things that still remain to do.

In a period such as we have passed, individual and personal losses, as well as gains, color and distort the business vision. When the speculative excitement is rising to the fever pitch, actual achievements are grossly exaggerated and often imagined where they do not exist. When it collapses, opportunities seem smaller than they really are, and are often allowed to pass by unnoticed. After the crisis is over, past and future appear in clearer perspective and we can judge more sanely and seize more surely the possibilities that lie ahead.

For six years American business has been diverting a substantial part of its attention, its energies and its resources to the speculative game. Not only have the brains of business men been drawn into it, but business organizations themselves have turned to it from their primary tasks. Corporate financial resources have been withheld in enormous amount from use in business expansion, and the profits of corporations have reflected in considerable part earnings from banking and investment activities irrelevant to their real business. Great as our progress has been under these conditions, how much greater might it not have been if the energies and resources of business had been devoted during these years to its essential task of producing and distributing the goods and services that create real national prosperity.

Now, we believe, that irrelevant, alien and hazardous adventure is over. Business has come home again, back to its job, providentially unscathed, sound in wind and limb, financially stronger than ever before, and much wiser.

The vast natural resources of a nation lie before it unimpaired. The greatest and richest market in the world, unshaken in its purchasing power, is at its command. World markets, relieved now of credit strain, are open to its initiative and ingenuity. The financial power of the strongest banking system ever seen is as ready and able as ever to support it. The most efficient industrial organization and transportation system ever created is at its service. Nothing whatever in the basic conditions of business progress has been changed in any way.

Here and now, if ever anywhere, American business has a chance to demonstrate what it can really do if it sets itself to the task. Let it now show the country and the world what a "new era" is really like.

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